

India Economics

Monthly Chartbook

February 2024

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Fiscal consolidation to hold key

India's growth resilience continued with high frequency macro indicators such as non-oil-non-gold and electronic imports, power demand, GST collections and credit demand, holding up well. Rabi sowing has also been higher than estimates which faded some bit of inflationary concerns. Fiscal prudence shown in the Union Budget by progressively bringing down fiscal deficit ratio, finely tuned revenue spending and quality capex, have been major positives. As a response, domestic yields inched down despite global yields showing fluctuations from an expectation of delayed start to the global rate cut cycle. On monetary front, RBI's policy remained on expected lines. Inflation projections indicate that some breathing space would be available for policy easing in Q2. On external front, India's growth picture remained favourable for INR.

Strengthening of domestic demand: Early signs of recovery in consumption demand has been visible as reflected by high frequency indicators including pick up in non-oil-non-gold and electronic imports and power demand. Additionally pickup in GST collections and steady growth in E-way bills augers well for the economy. On rural front, demand for MGNREGA work has been increasing slowly. The acreage levels for Rabi crops have been higher this year than last year indicating support to the agriculture sector. As per the Advance Estimates, production of horticulture crops (2.3% in 2022-23) led by fruits and vegetables is higher than the estimate for 2021-22.

Health of centre's finances: Centre's fiscal deficit ratio (% of GDP, 12MMA) settled at 5.9% as of Dec'23 compared with 5.8% as of Nov'23. As per revised estimates announced in the Union Budget for 2024-25, fiscal deficit ratio will be brought down to 5.8% by the end of FY24 and further to 5.1% in FY25. In

FYTD24 (Apr-Dec'23), centre's overall spending momentum was maintained with growth at 8.4% versus 8.6% as of Nov'23. Marginal softening was due to easing seen in revenue spending (2.3% versus 3.6%). Capex growth on the other hand accelerated (37.5% versus 31%). On the income side, centre's net revenue receipt growth eased to 15.4%, compared with 20.9% growth seen as of Nov'23. This was due to slowdown in both direct (23.2% versus 24.8%) and indirect tax collections (4.6% versus 5.1%). Within direct taxes, both income and corporate tax collections moderated.

India's 10Y yield likely to remain rangebound: In Jan'24, India's 10Y yield fell by 3bps, whereas in Feb'24 (till 8th Feb), it has fallen by 7bps. Much of the fall in yields was post the Budget announcement. Fiscal prudence, less reliance on market borrowings, attested to government's credibility, which was positive for yields. RBI's recent policy though maintained status quo on policy rate and stance. Inflation forecasts for FY25 suggest there is some space for easing of policy rate in Q2. Thus, downward bias to domestic yields persist. On liquidity front, we expect deficit to continue as accretion of currency in circulation has started gaining pace.

INR to continue to trade in a tight range: INR was the best performing major currency against the dollar in Jan'24. Strong macrofundamentals along with a comfortable external position have contributed to INR's strength, even as other major currencies came under pressure due to a resurgence in dollar strength. We believe INR to appreciate gradually in the near term. Trajectory of Fed rates and jump in oil prices due to ongoing tensions in Middle-East remain a key risk. We anticipate a range of 82.5-83/\$ in the next fortnight.

Note: The source for all exhibits is 'CEIC and Bank of Baroda' unless otherwise specified

High frequency indicators

Fig 1 – Higher growth in power demand

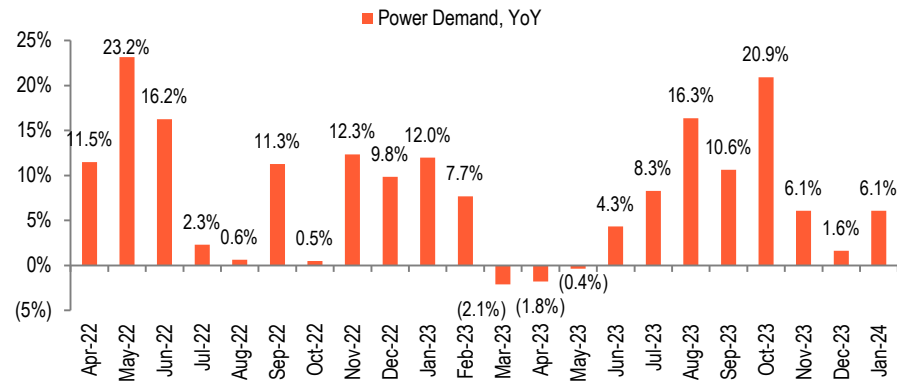
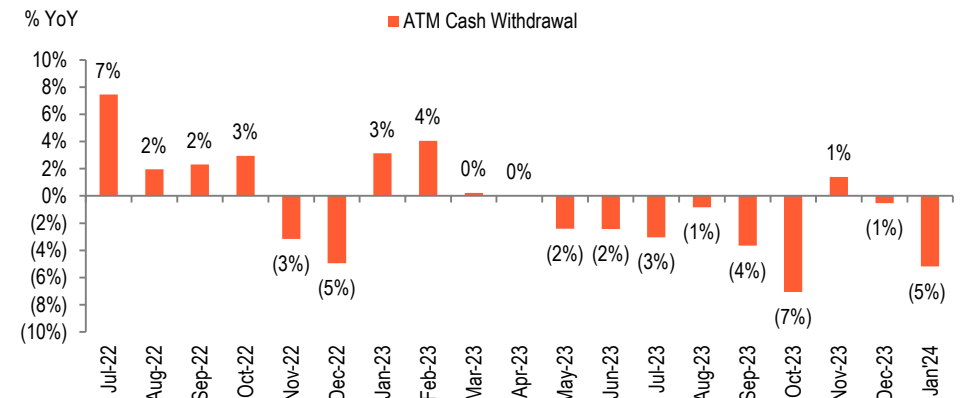
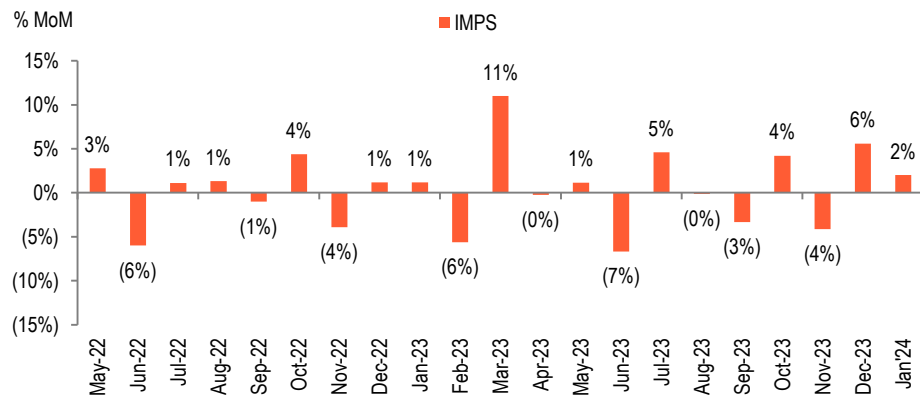


Fig 2 – Growth for cash withdrawal continues to decline



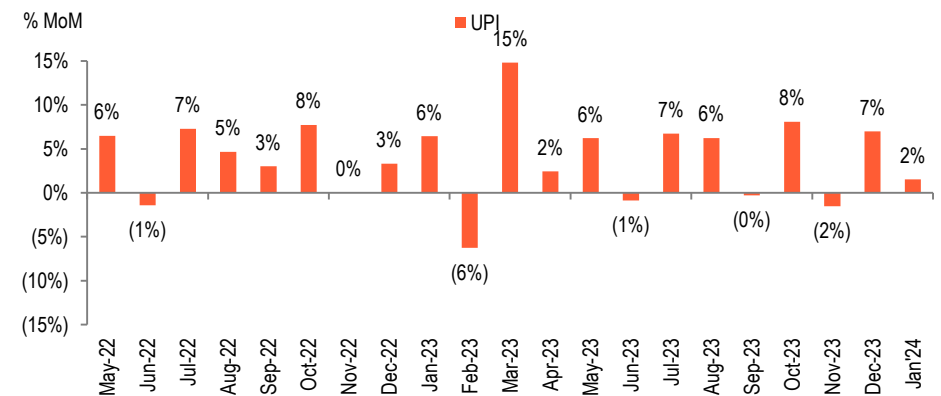
Source: NPCI. Note: NFS Cashwithdrawal amount does not include Card to Card Transfer

Fig 3 – Slower pace of growth in IMPS transactions



Source: RBI

Fig 4 – Similar case for growth in UPI payments



Source: RBI

Fig 5 – Growth in fertilizer sales inch up in Dec'23

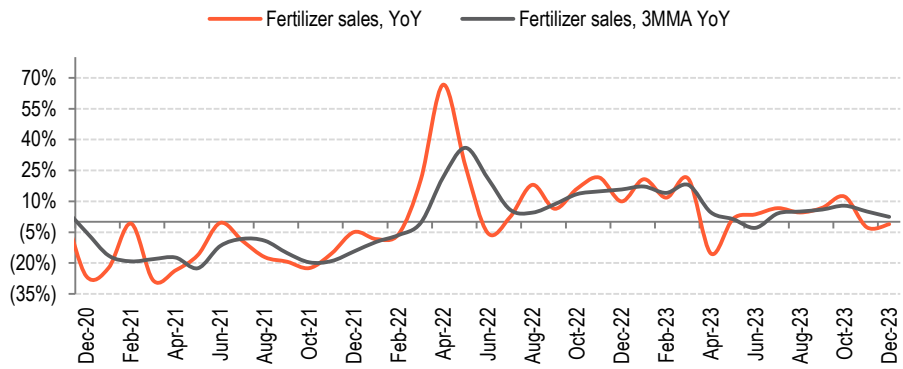
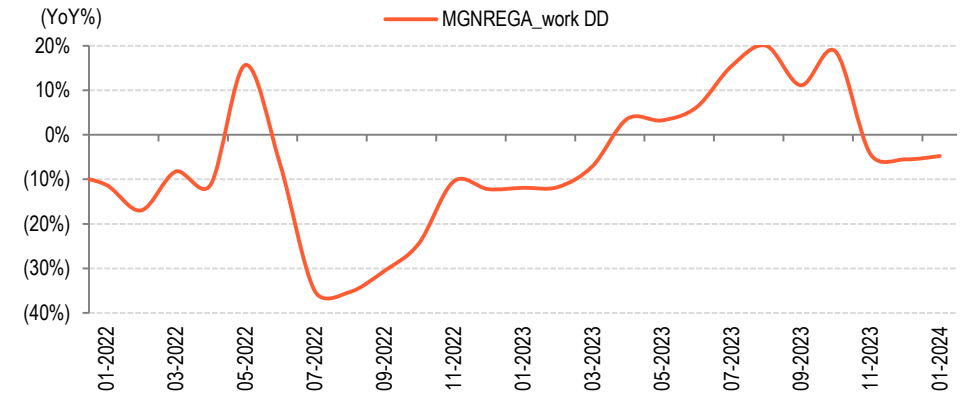


Fig 6 – Demand for work (MGNREGA-household) rising at a steady pace



Final consumption expenditure

Fig 7 – Private consumption moderates in Q2

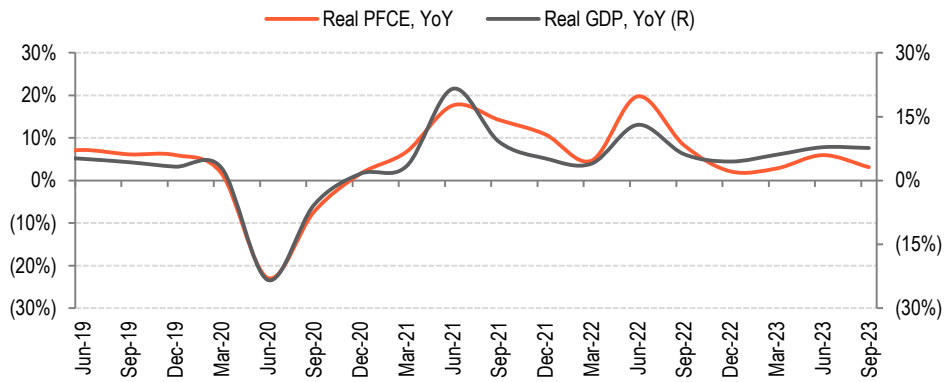


Fig 8 – Government consumption pick up in Q2

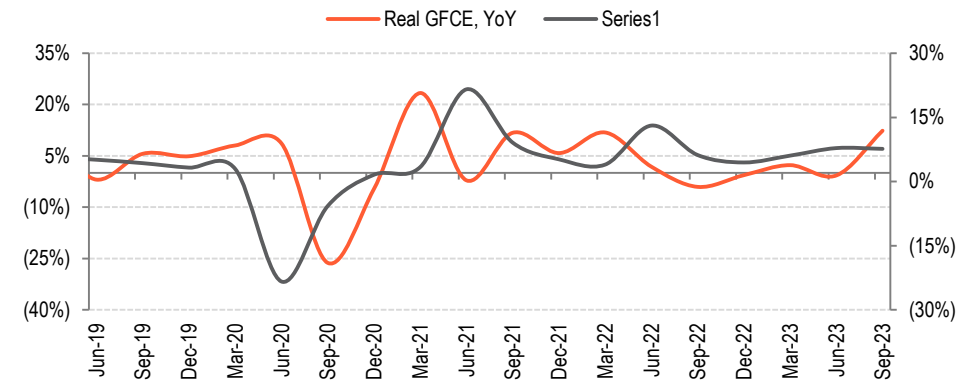


Fig 9 – General govt. revenue spending slips

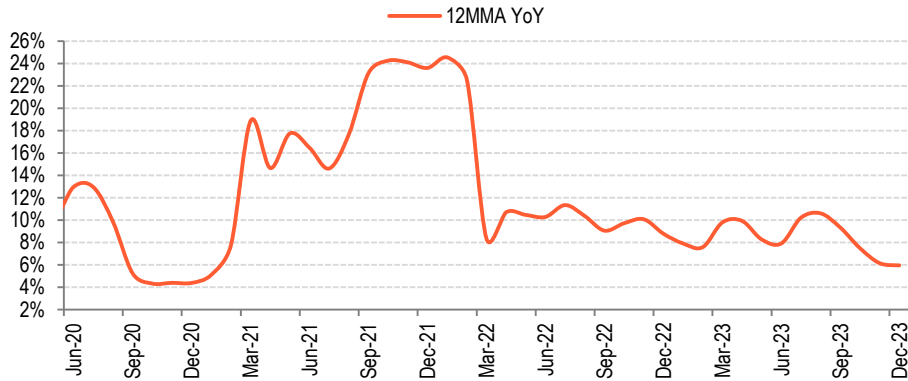
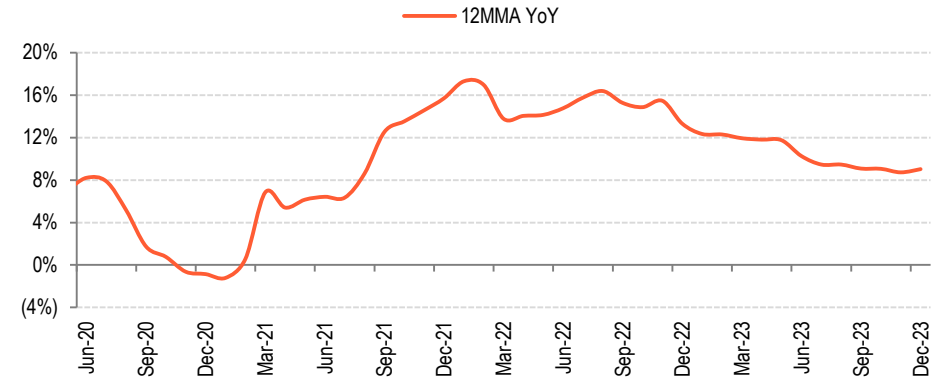


Fig 10 – State* govt. revenue spending inching up



Note: *All states excluding N.E states, Gujarat, Goa and J&K

Non-oil imports, electronic imports

Fig 11 – Growth in non-oil-non-gold imports slowly improving

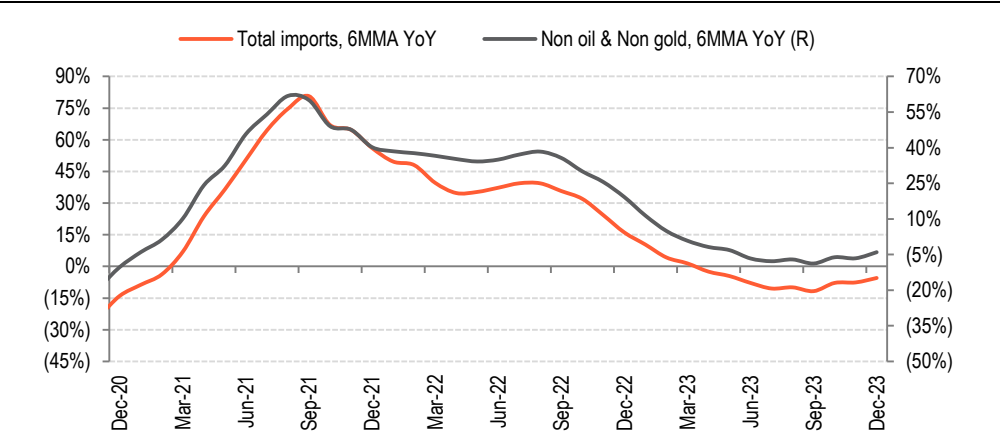


Fig 12 – Growth in electronic imports scales up

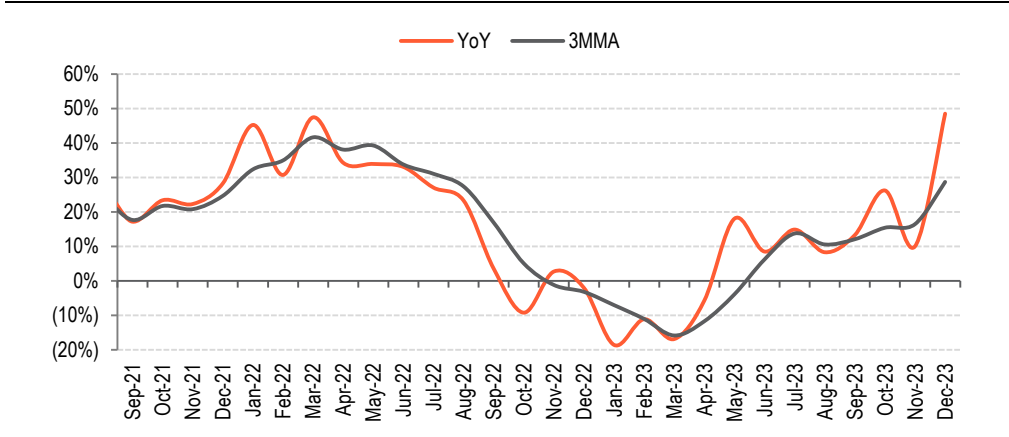
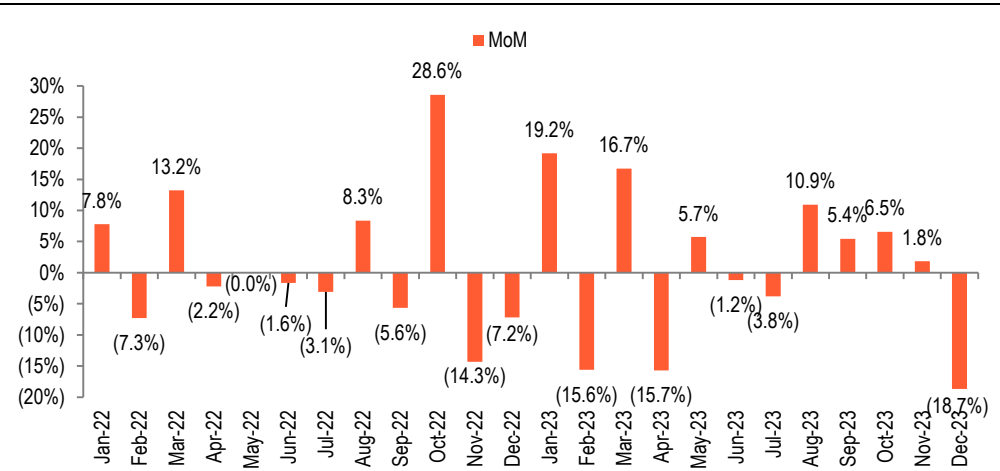
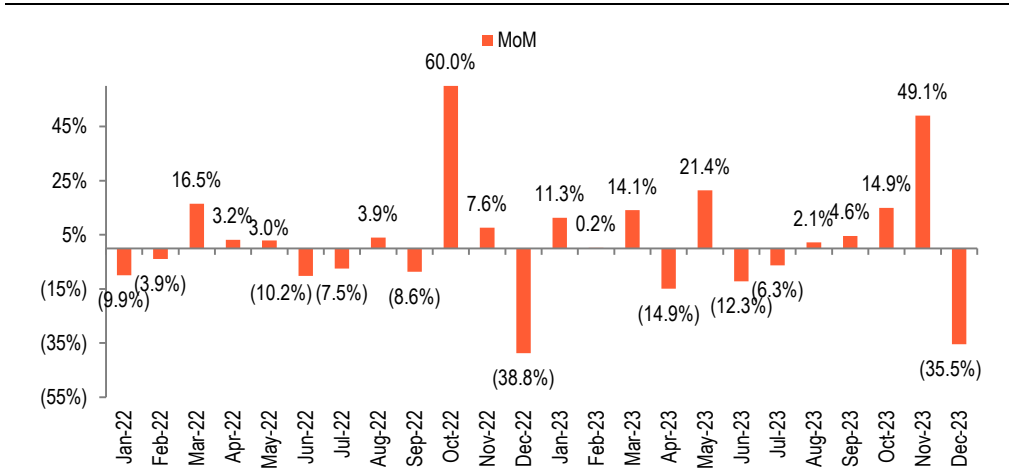


Fig 13 – Retail passenger vehicle sales contracts in Dec'23



Source: FADA

Fig 14 – Similar movement in two-wheeler sales



Credit deployment of personal loans

Fig 15 – Growth in credit card loan moderates marginally

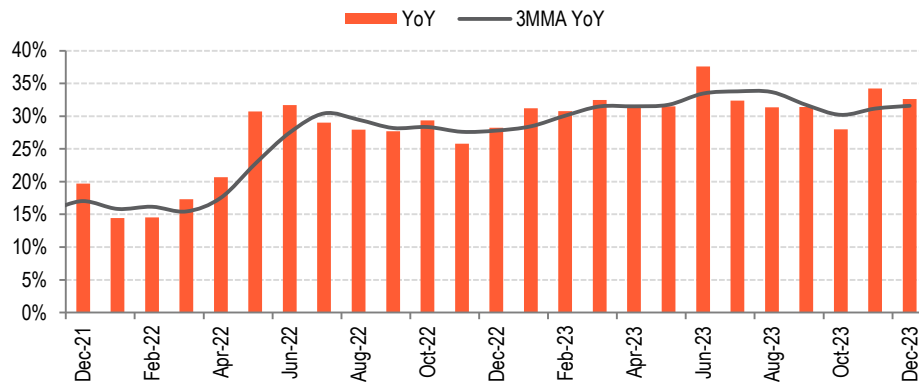


Fig 16 – Growth in personal loan too slows

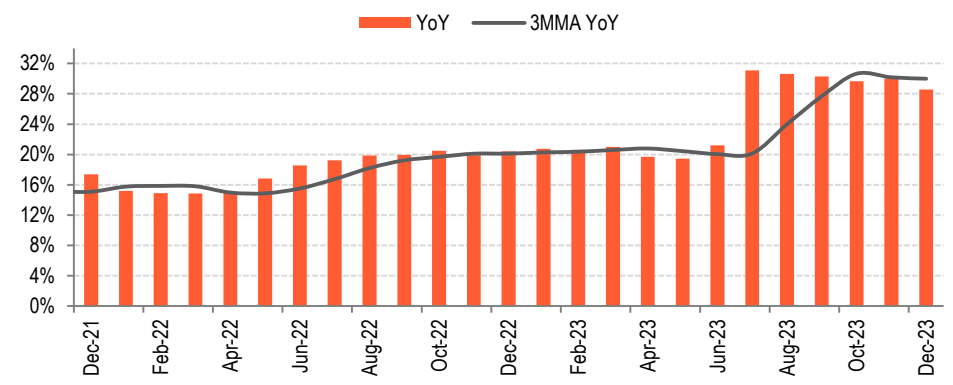


Fig 17 – Steady growth in vehicle loans

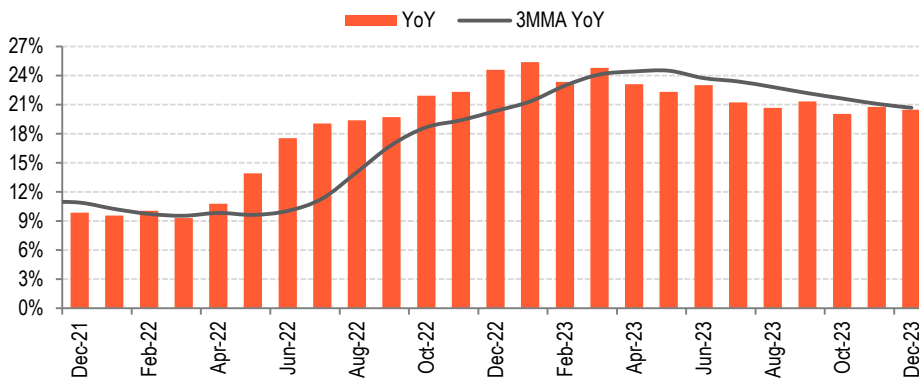


Fig 18 – Consumer's expectation turn optimistic

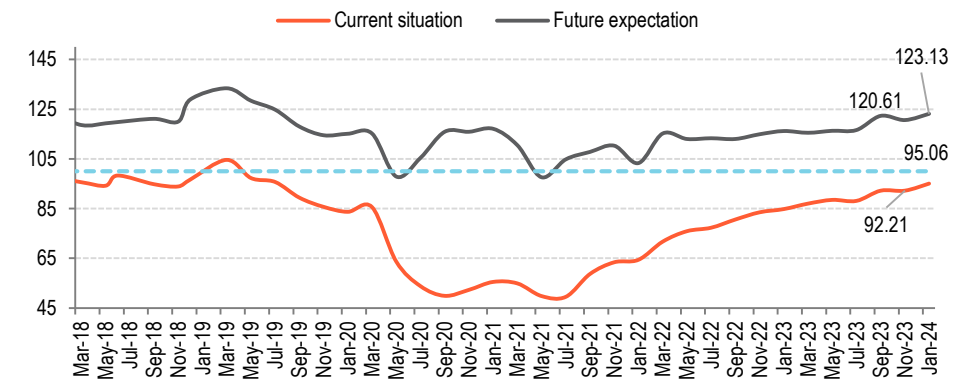


Fig 19 – RBI’s essential spending signals dip

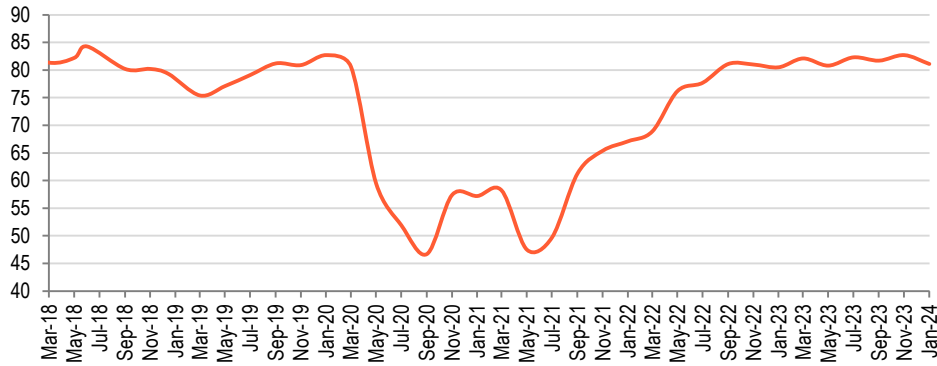
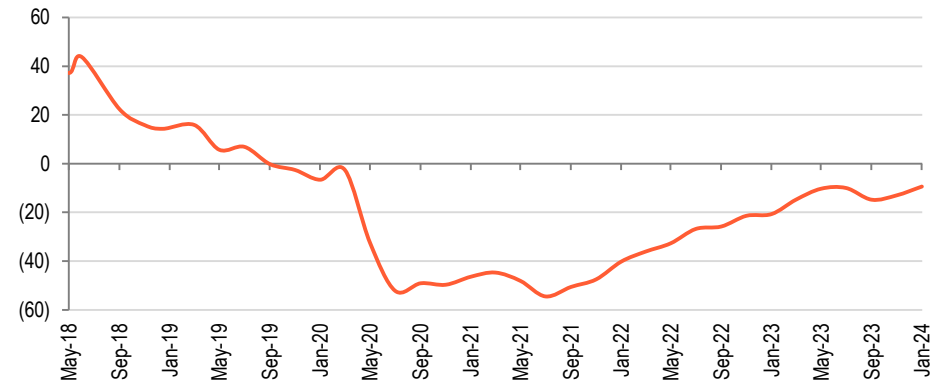


Fig 20 – Non-essential spending registering some improvement



Consumer durables & non-durables production

Fig 21 – Contraction in consumer durables output

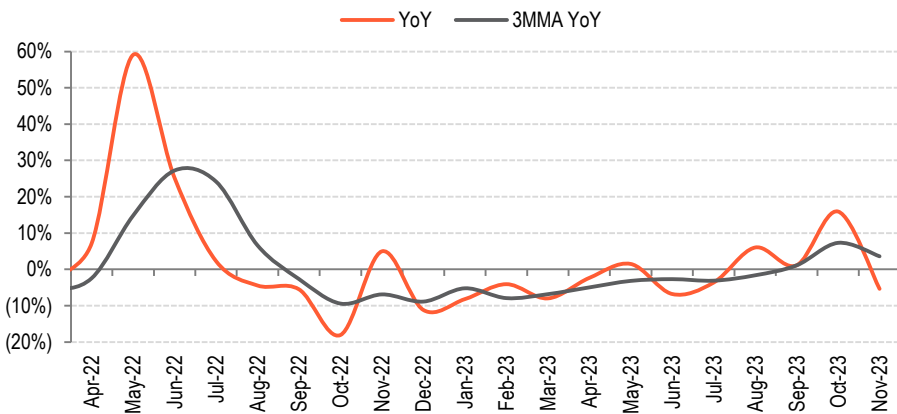
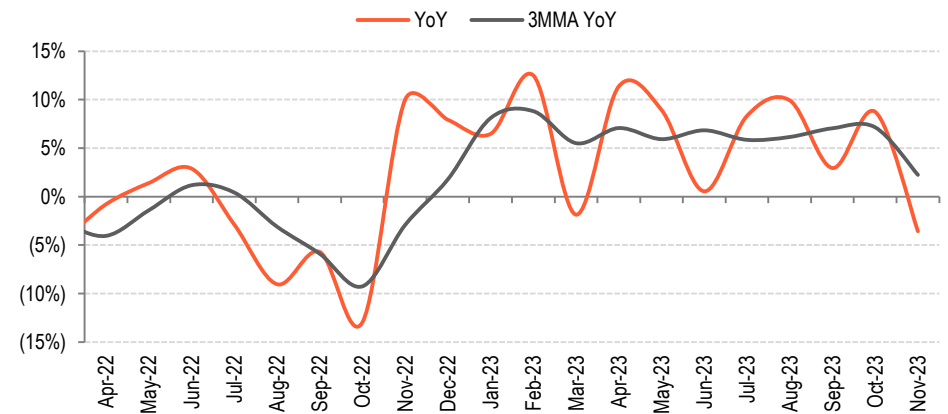


Fig 22 – Similar movement in FMCG output



Agriculture

Fig 23 – Agriculture growth falls in Q2

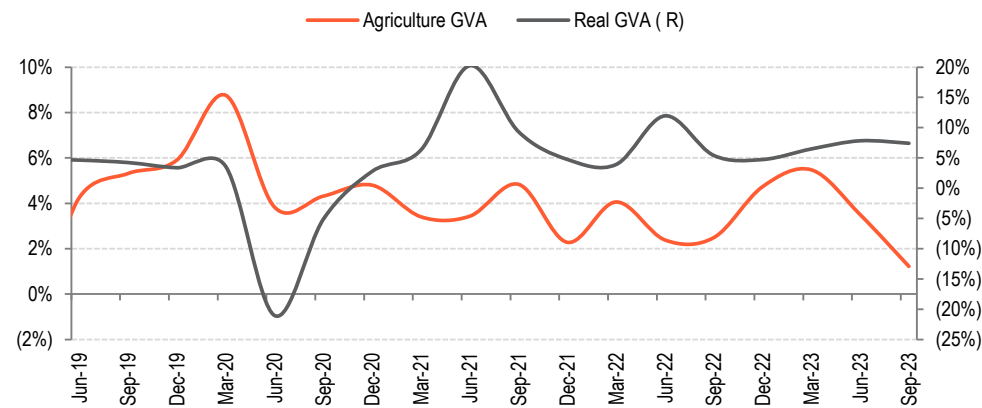
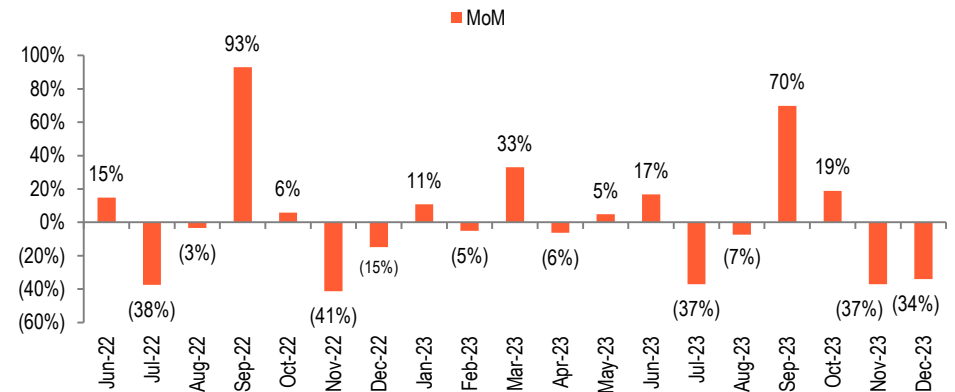


Fig 24 – Growth in tractor sales declines at a slower pace



Note: Tractor sales including exports

Fig 25 – Growth in agriculture credit picks up

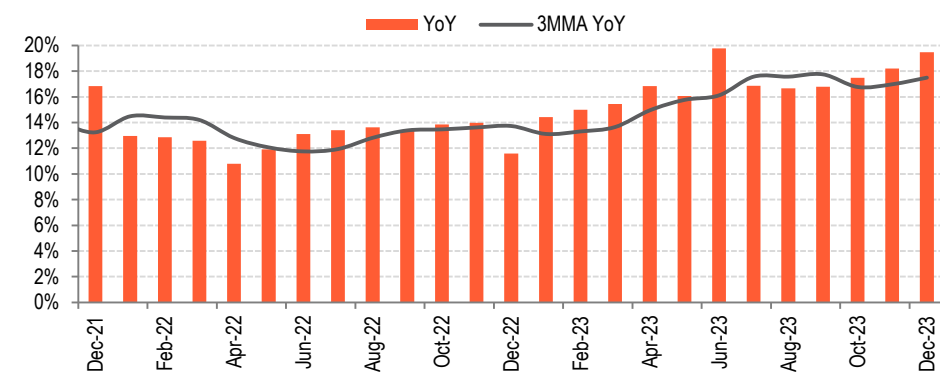
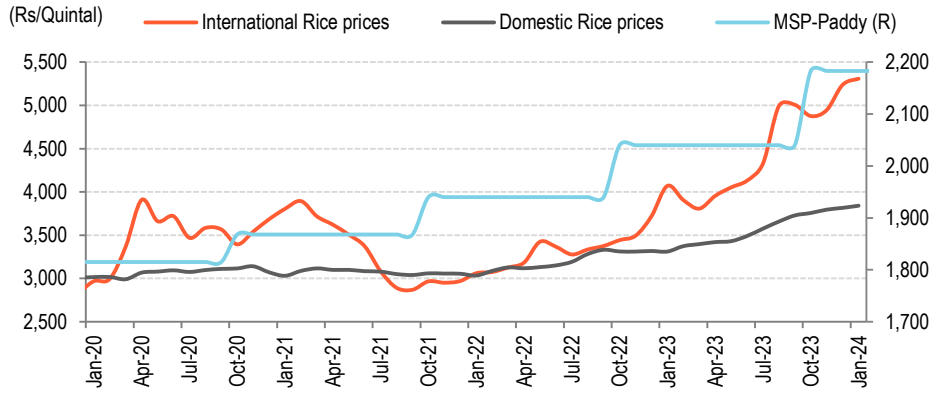


Fig 26 – Procurement of rice and wheat

Year	Wheat	Rice
2015-16	28.09	34.22
2016-17	22.96	38.11
2017-18	30.83	38.19
2018-19	35.80	44.39
2019-20	34.13	51.83
2020-21	38.99	60.17
2021-22	43.34	57.59
2022-23	18.8	56.9
2023-24*	26.2	29.9

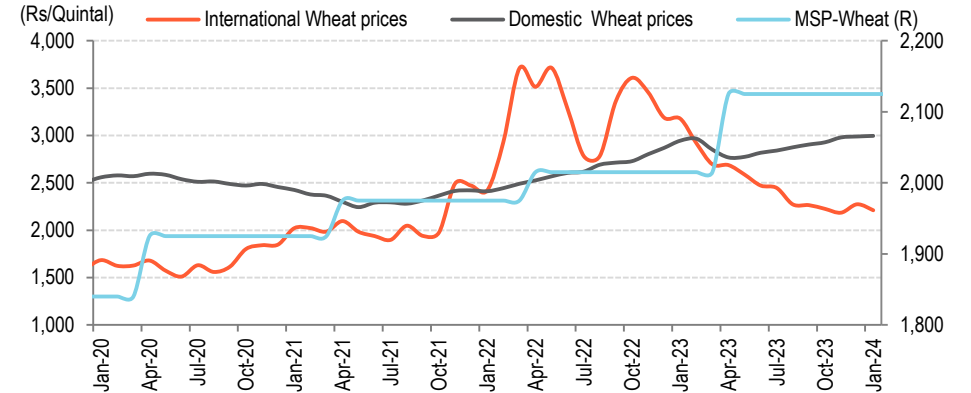
Source: Ministry of Consumer Affairs, Food and Public Distribution | *As on: 31 Dec 2023

Fig 27 – Both domestic and international rice prices inch up



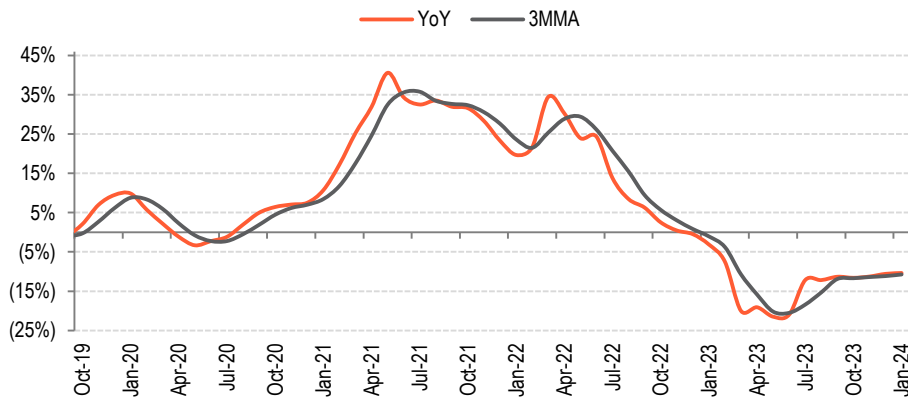
Source: World Bank

Fig 28 – Domestic wheat price inches up; International prices slip



Source: World Bank

Fig 29 – Global food prices decline in Jan'24, led by wheat



Source: FAO

Fig 30 – Wage growth (men) inches up

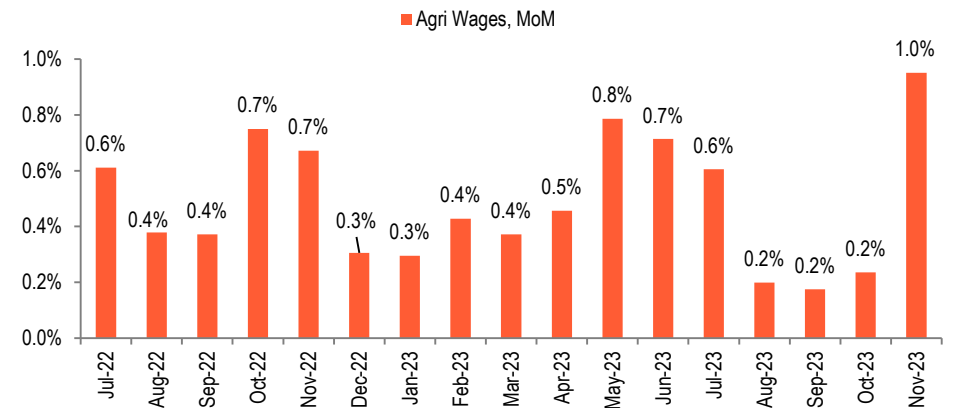


Fig 31 – Rabi sowing is higher compared with last year

Crop Type (Lakh ha)	Area sown in 2023-24	Area sown in 2022-23	Growth (YoY%)
Wheat	340.1	334.5	1.7
Rice	28.3	29.3	(3.7)
Coarse Cereals	53.8	50.7	6.0
Jowar	23.5	22.0	6.8
Maize	21.3	20.6	3.5
Pulses	155.1	162.6	(4.6)
Oilseeds	109.8	108.8	1.0
Total	687.2	686.1	0.2

*Note: Till 26 Jan 2024

Inflation

Fig 32 – Headline CPI inched up slightly to 5.7% in Dec'23 from 5.6% in Nov'23, led by food

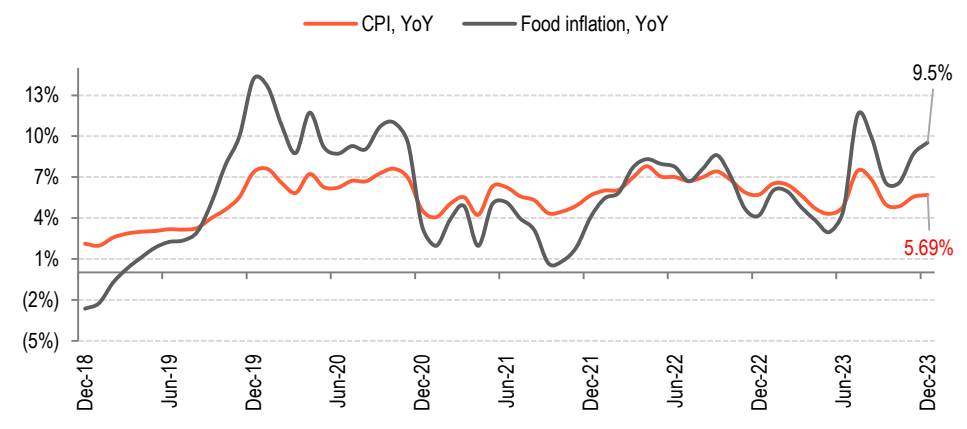


Fig 34 – Core inflation and its sub-components continued to moderate

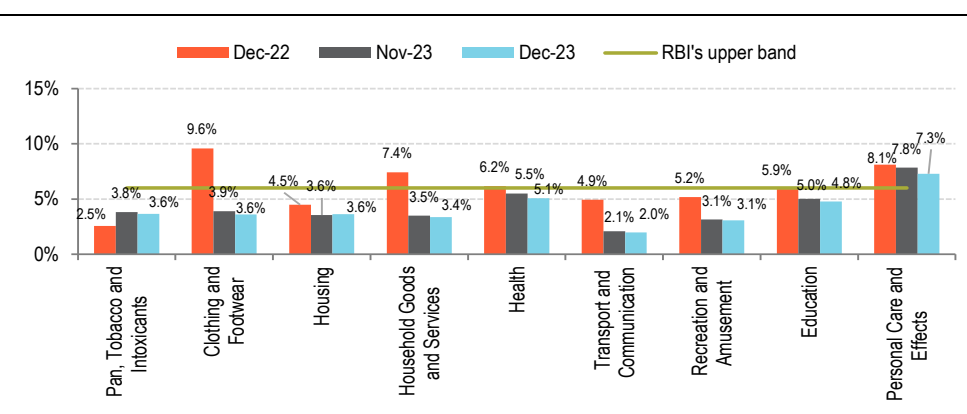


Fig 33 – ...Pressure was visible in case of vegetables, fruits, pulses etc.

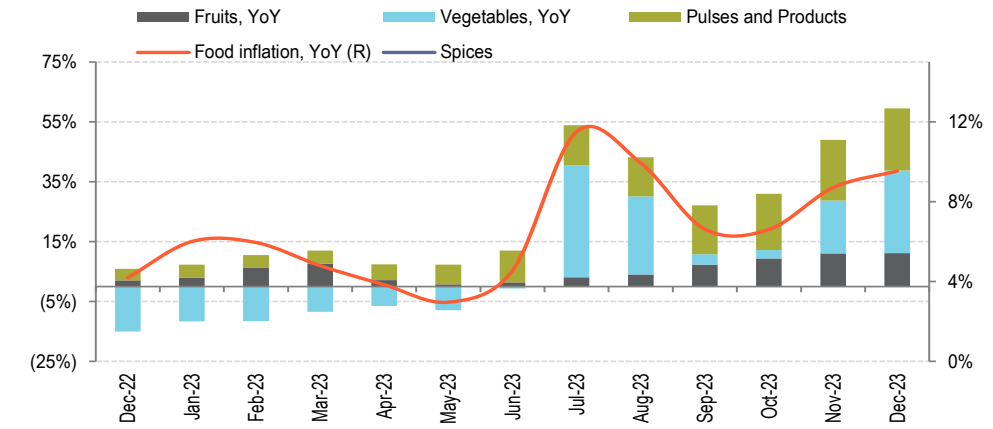
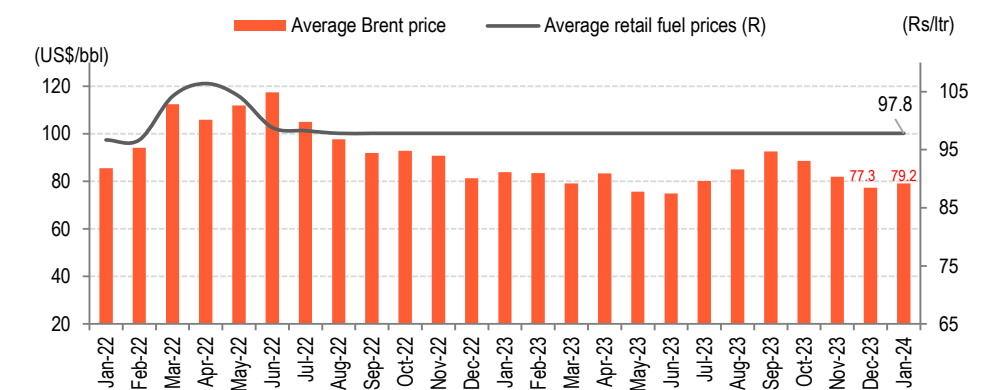


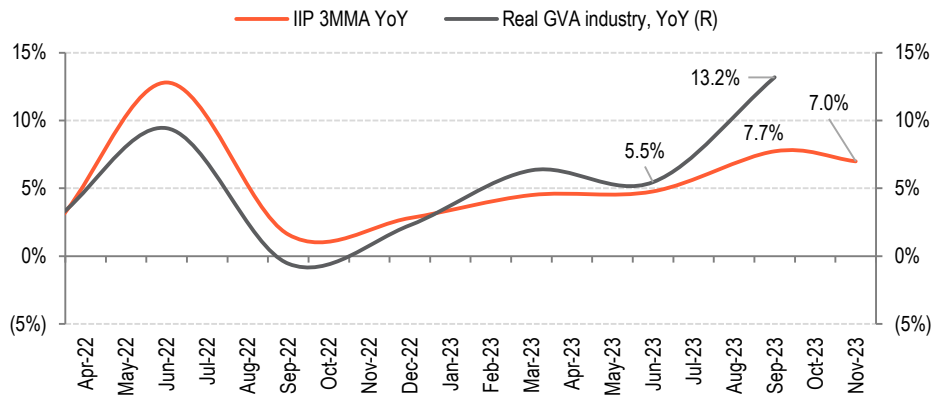
Fig 35 – Domestic retail price was stable at Rs 98/lt, international crude price inched up to US\$ 79.2/bbl in Jan'24 from US\$ 77.3/bbl in Dec'23



Note: Average retail price of petrol and diesel for Delhi, Kolkata, Mumbai and Chennai have been taken

Industry

Fig 36 – Industrial growth to be lower in Q3



Note: IIP for Nov'23 is average of Oct-Nov'23 on YoY basis

Fig 37 – Sectorwise growth higher in FYTD'24

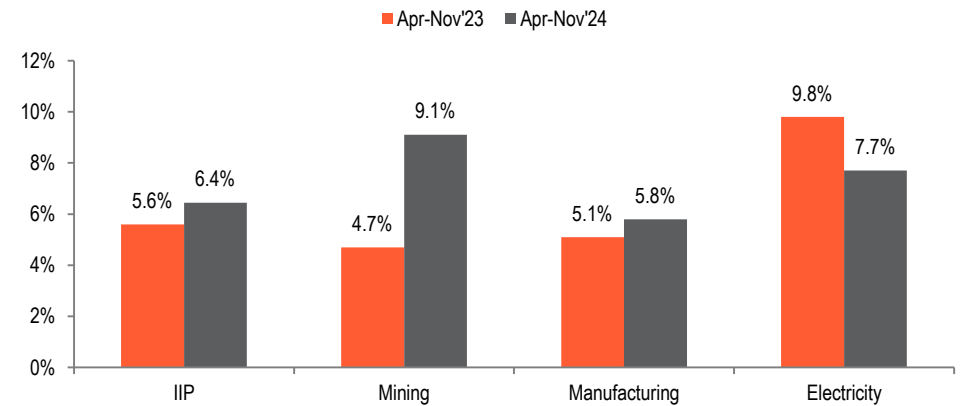
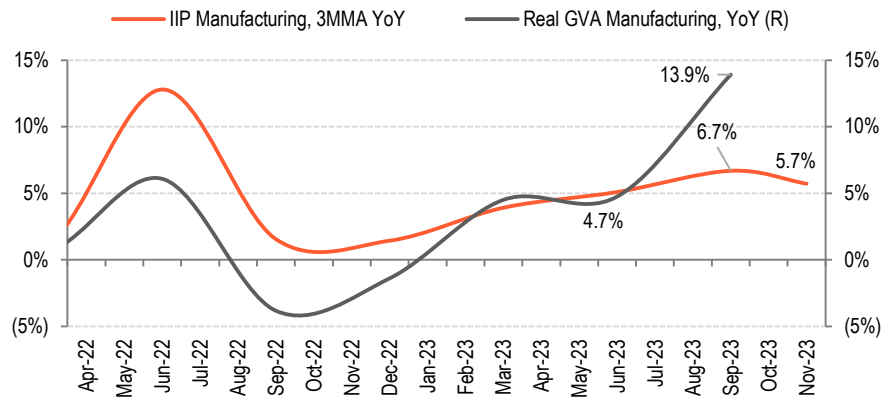


Fig 38 – Moderation in IIP growth

Sectoral (%)	Weight	Oct-23	Nov-23	Nov-22	Apr-Nov'22	Apr-Nov'23
IIP	100.0	11.6	2.4	7.6	5.6	6.4
Mining	14.4	13.1	6.8	9.7	4.7	9.1
Manufacturing	77.6	10.2	1.2	6.7	5.1	5.8
Electricity	8.0	20.4	5.8	12.7	9.8	7.7
Use-Based						
Primary Goods	34.1	11.4	8.4	4.8	7.7	7.2
Capital Goods	8.2	21.3	(1.1)	20.7	14.8	7.5
Intermediate Goods	17.2	9.4	3.5	3.5	5.1	4.9
Infrastructure and Construction Goods	12.3	11.3	1.5	14.3	7.8	11.1
Consumer Durables Goods	12.8	15.9	(5.4)	5.0	5.3	0.6
Consumer Non-Durables Goods	15.3	8.7	(3.6)	10.0	(2.2)	5.6

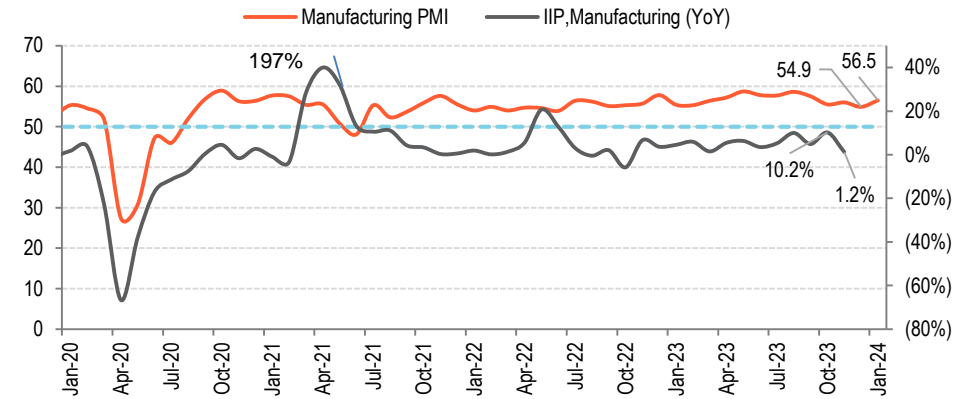
Manufacturing

Fig 39 – Slower growth in manufacturing expected in Q3



Note: IIP for Nov'23 is average of Oct-Nov'23 on YoY basis

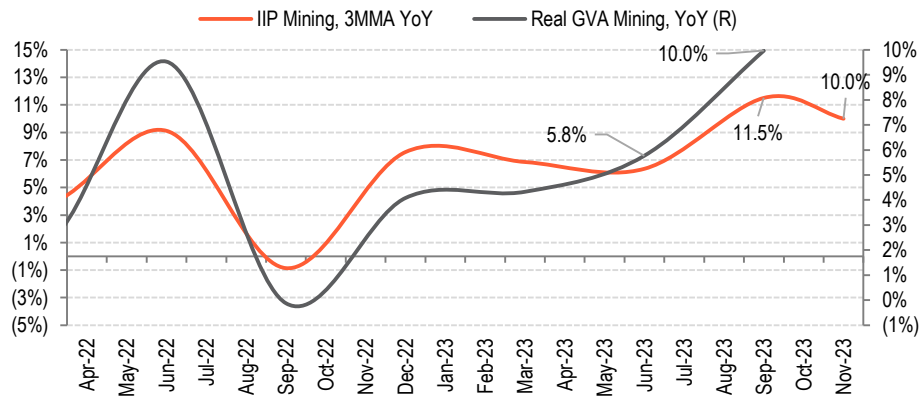
Fig 40 – Manufacturing PMI climbs up in Jan'24



Source: Markit

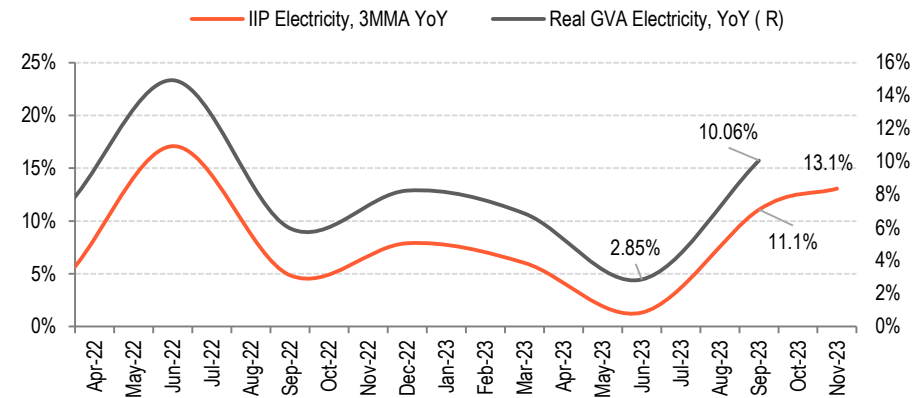
Mining & Electricity

Fig 41 – Growth in mining activity to moderate



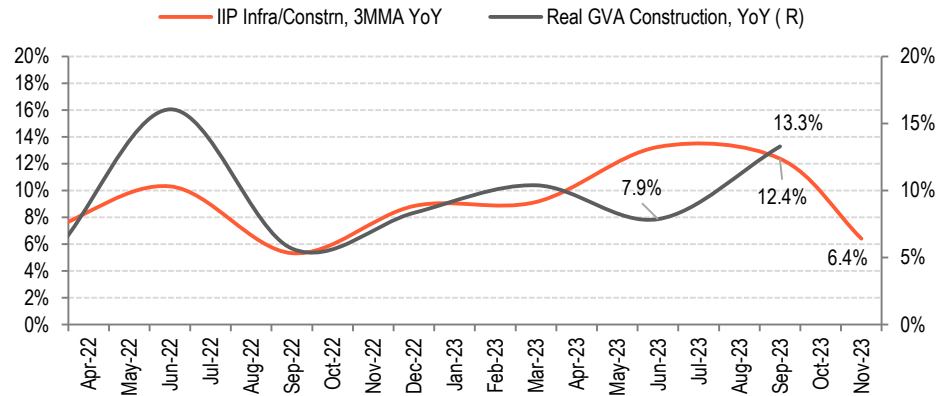
Note: IIP for Nov'23 is average of Oct-Nov'23 on YoY basis

Fig 42 – Growth in Q3 to edge up



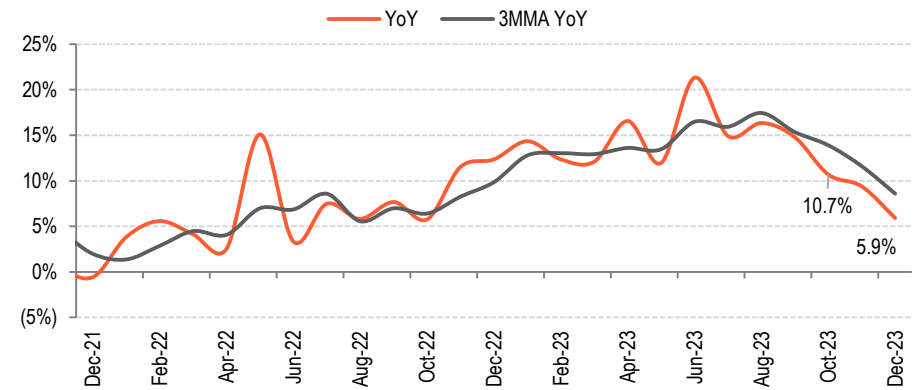
Infrastructure and construction

Fig 43 – Growth in construction sector to be lower



Note: IIP for Nov 23 is average of Oct-Nov 23 on YoY basis

Fig 44 – Steel output falls further



Infrastructure index

Fig 45 – Growth in infrastructure index slows down

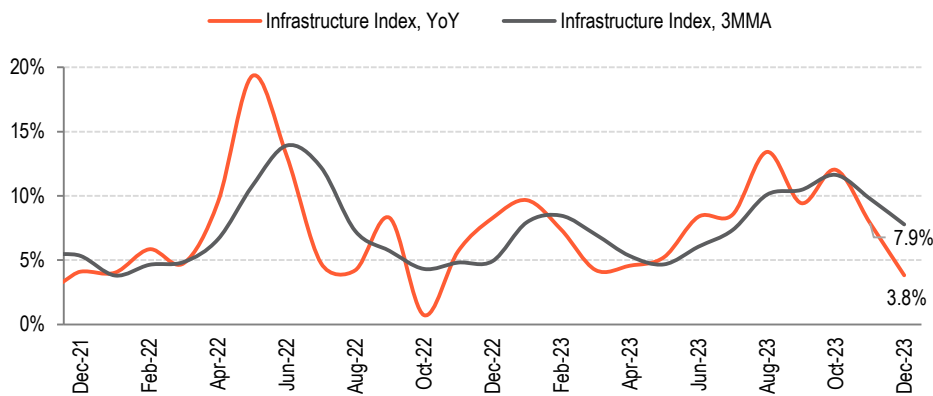
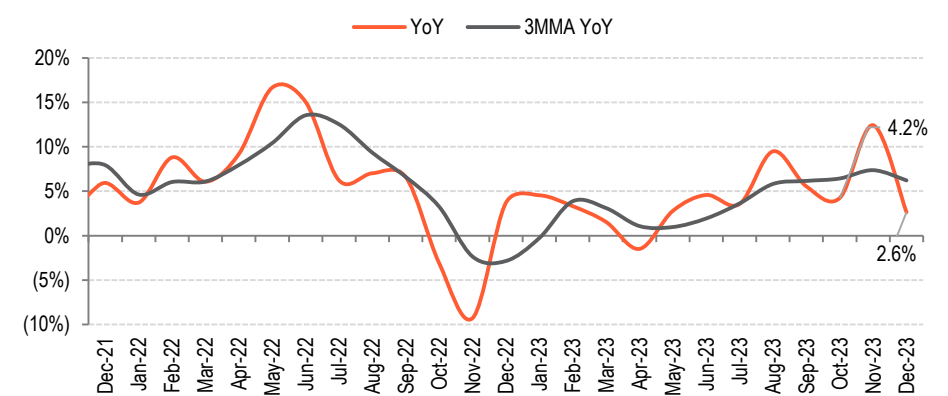


Fig 46 – Refinery output moderates



Auto production & business expectation index

Fig 47 – Slower growth in auto production

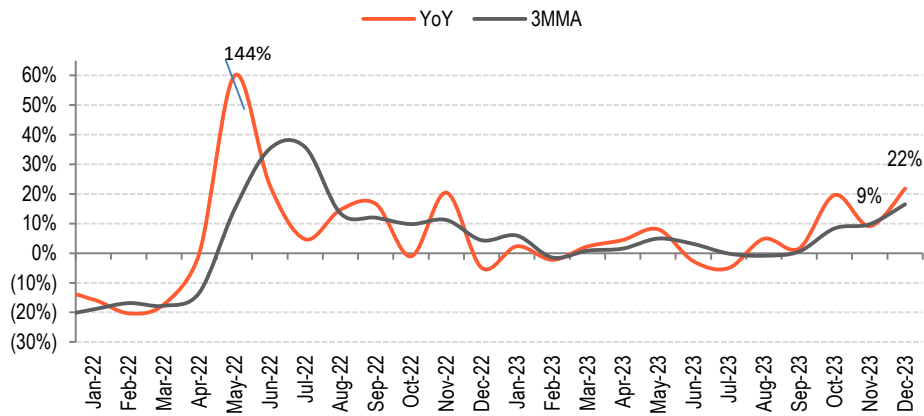


Fig 48 – Business sentiment rises

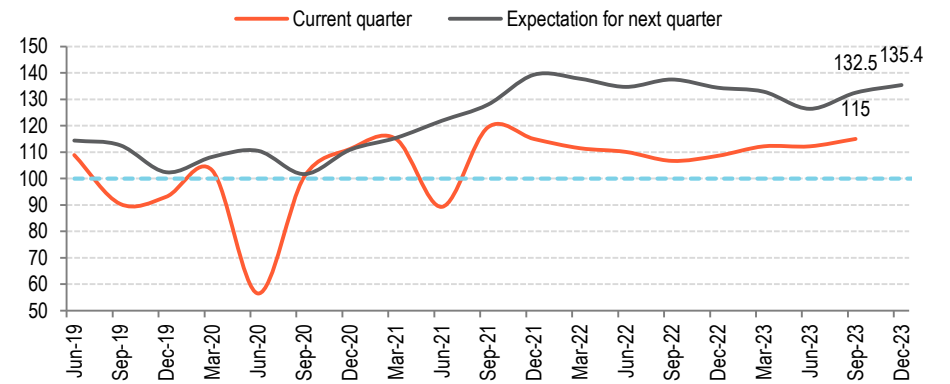
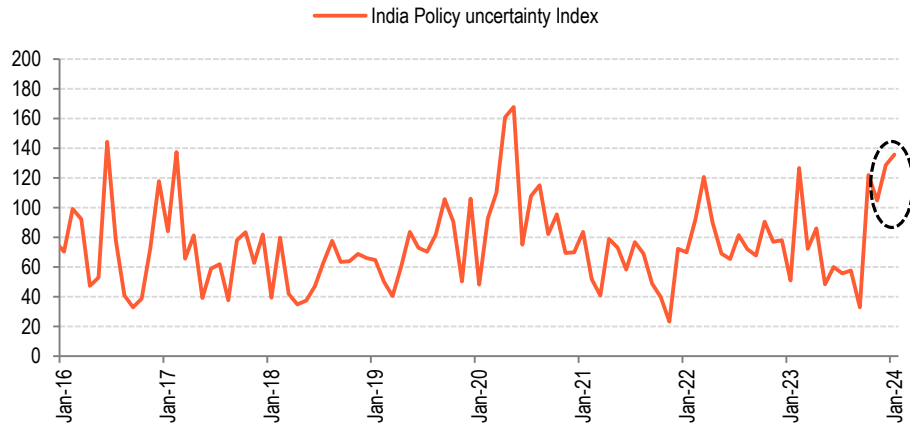


Fig 49 – Growth in infrastructure index slows down to 14-month low

(%)	Weight	Nov-23	Dec-23	Nov-22	Apr-Dec'23	Apr-Dec'24
Infrastructure Index	100	7.9	3.8	5.7	8.1	8.1
Coal	10.3	10.9	10.6	12.3	16.5	12.5
Crude Oil	9.0	(0.4)	(1.0)	-1.1	(1.3)	(0.3)
Natural Gas	6.9	7.6	6.6	-0.7	0.9	5.6
Petroleum Refinery Products	28.0	12.4	2.6	-9.3	5.5	4.7
Fertilizers	2.6	3.4	5.8	6.4	9.6	6.2
Steel	17.9	9.4	5.9	11.5	7.9	13.3
Cement	5.4	(4.0)	1.3	29.1	10.7	9.2
Electricity	19.9	5.7	0.6	12.7	9.9	6.9

Investment

Fig 50 – Policy uncertainty index in India inched up in Jan'24



Source: <https://www.policyuncertainty.com>

Fig 52 – Capital goods production fell by 1.1% in Nov'23 from 21.3% in Oct'23, driven by an unfavourable base

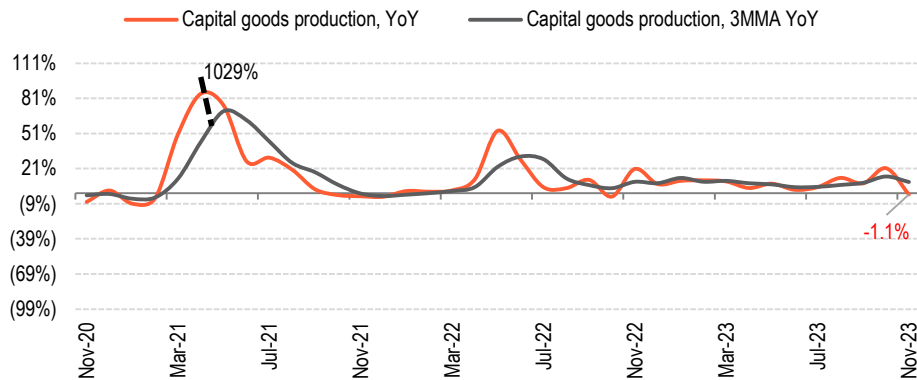


Fig 51 – Real GFCF grew at a robust pace of 11% in Q2FY24 from 8% in Q1FY24 and compared to 9.6% growth seen in Q2FY23

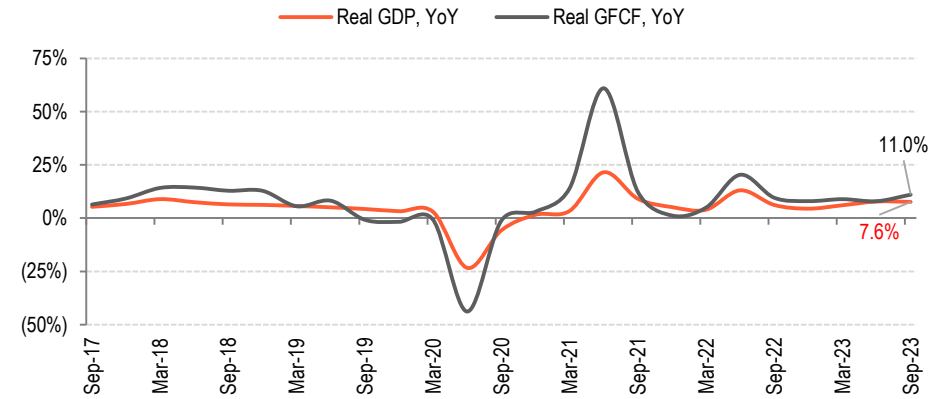


Fig 53 – Capital goods imports have fallen by 26.7% in Dec'23 from 4.6% decline seen in Nov'23

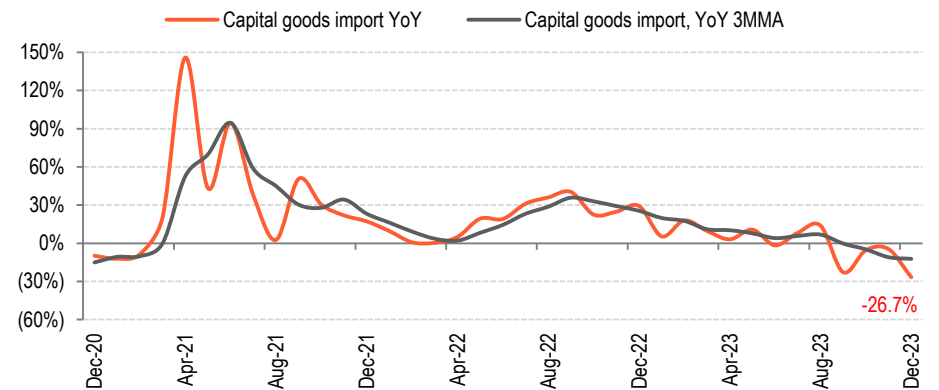


Fig 54 – Centre’s capex spending noted sharp growth of 33.3% in Dec’23 from 14.3% in Nov’23, capex spending is likely to rise by 16.9% to Rs 11.1tn in FY24

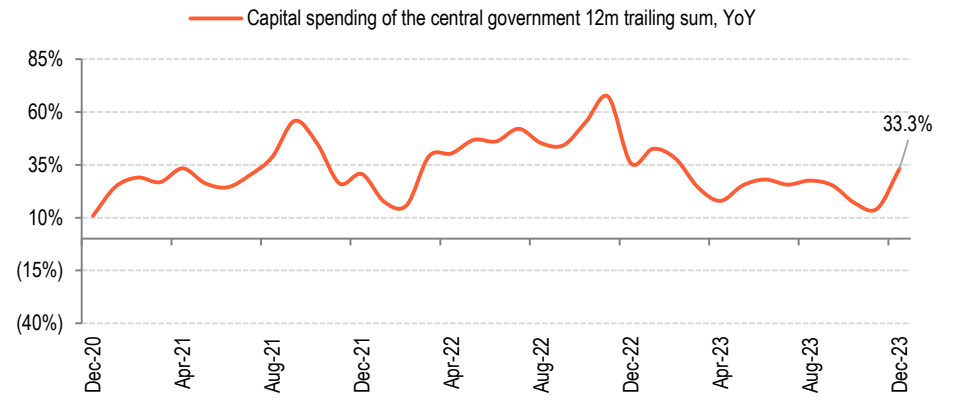


Fig 55 – Credit to micro and small industry edged down to 15.1% in Dec’23 from 17.2% in Nov’23, for medium industry as well, it moderated to 8.7% from 12%

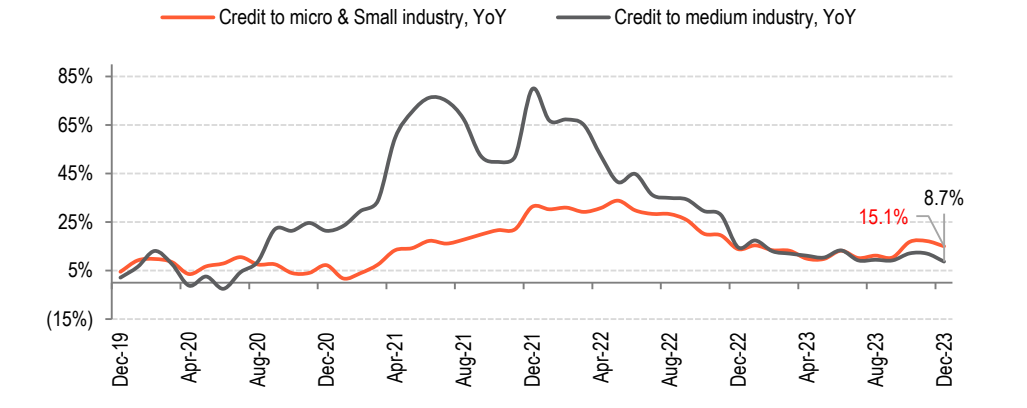


Fig 56 – Credit to housing sector rose by 35.6% in Dec’23 from 37% in Nov’23

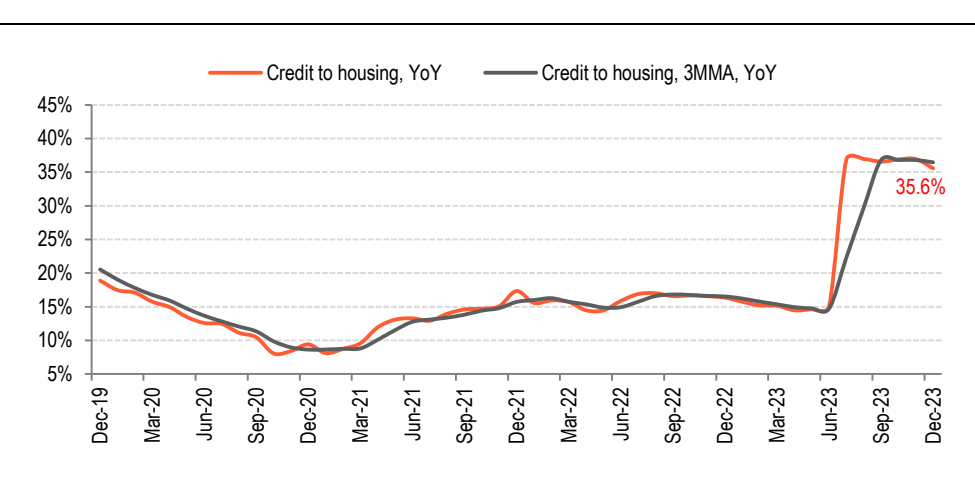
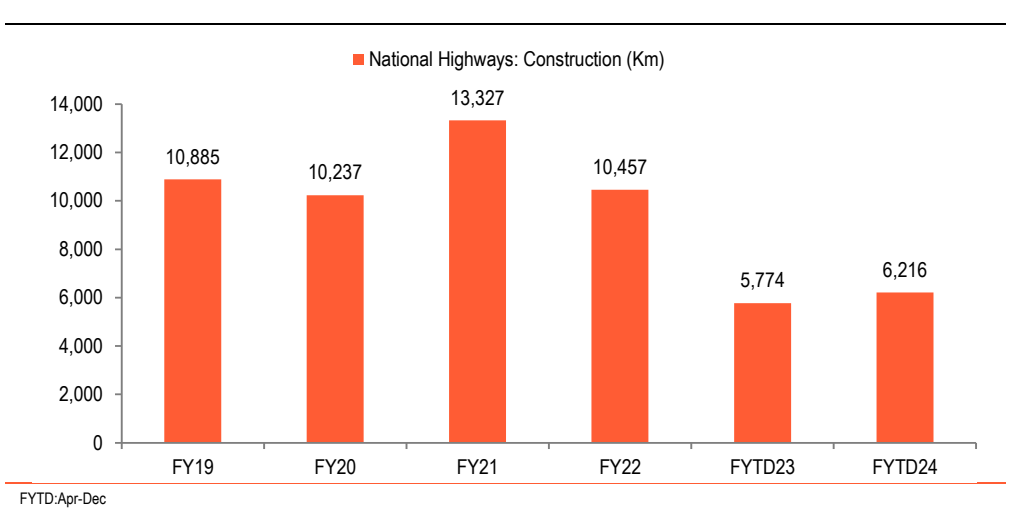


Fig 57 – Highway construction is gaining pace



Services sector

Fig 58 – GVA: Services activity picked up pace in Q1FY24 despite high base

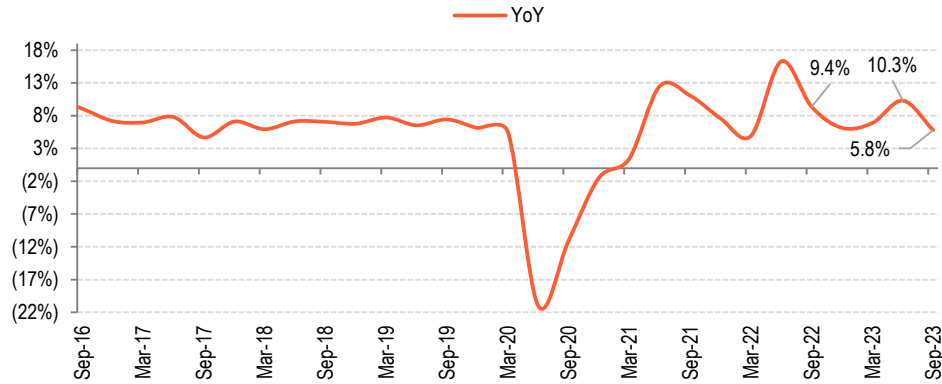
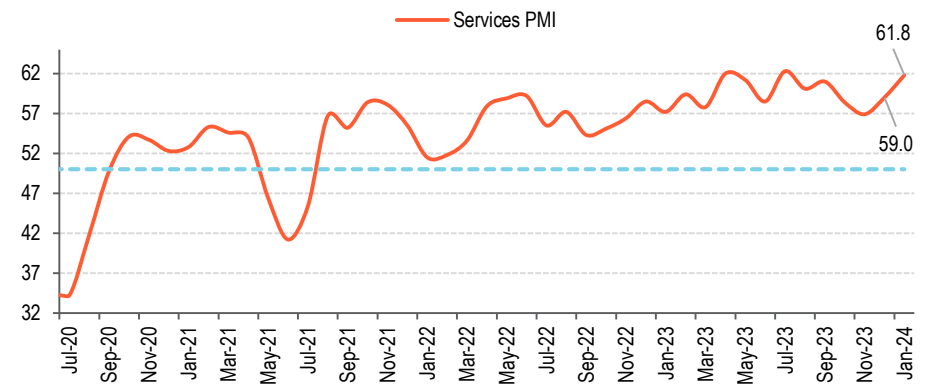


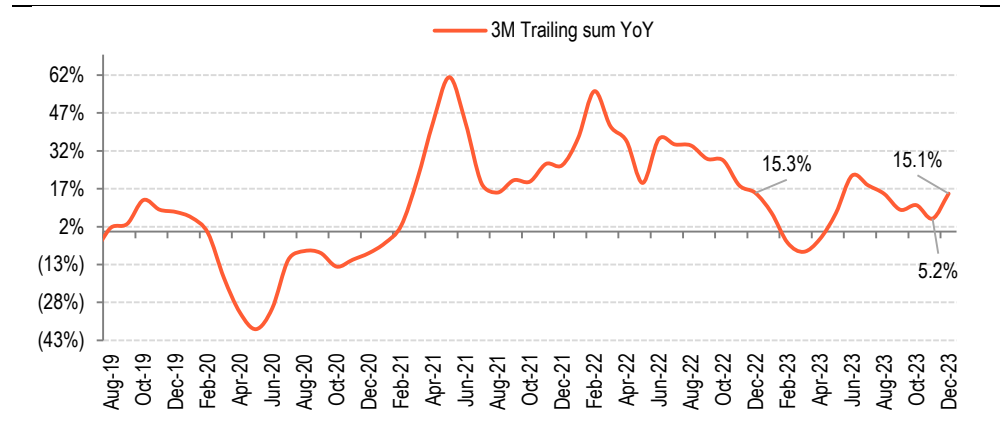
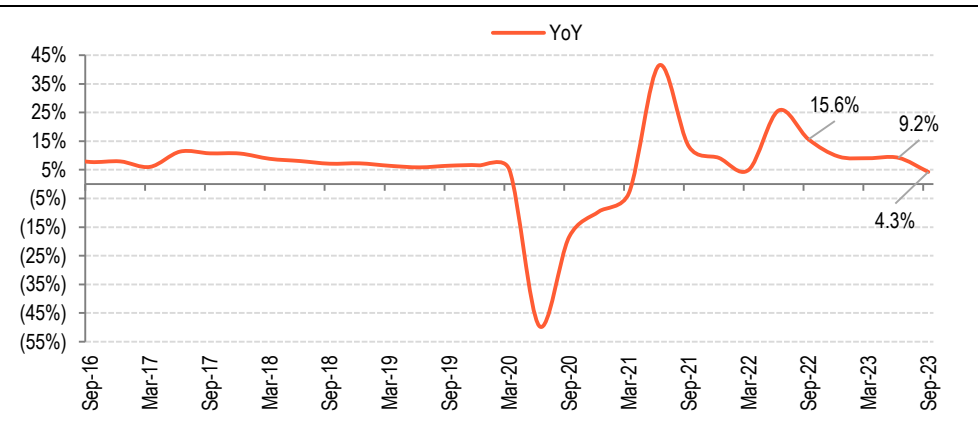
Fig 60 – GVA: Trade & related services activity too moderated in Q4, as also indicated by trend in states' tax revenue growth

Fig 59 – Services activity in Jan'24 remained robust



Source: Markit

Fig 61 – States tax revenue growth bounced back in Q3FY24**



Note: *All states excluding North Eastern states, Gujarat, Goa and J&K

Trade

Fig 62 – Vehicle registration growth going strong in Jan'24

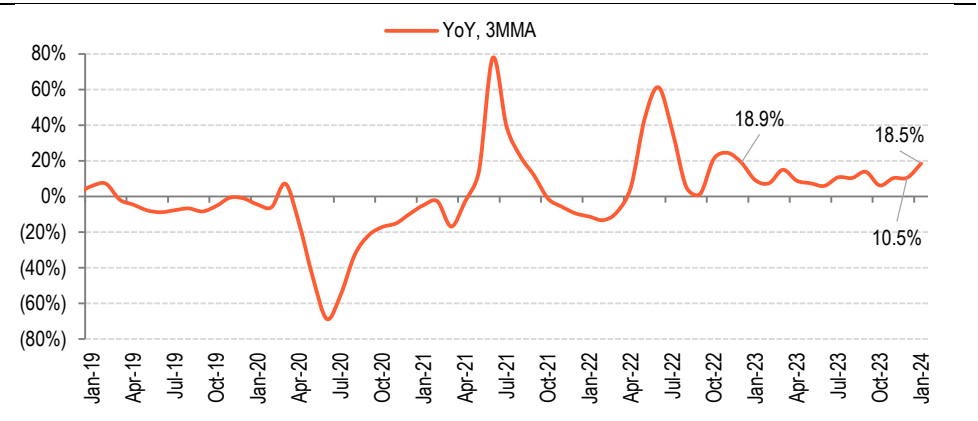


Fig 63 – Diesel consumption fell in Jan'24

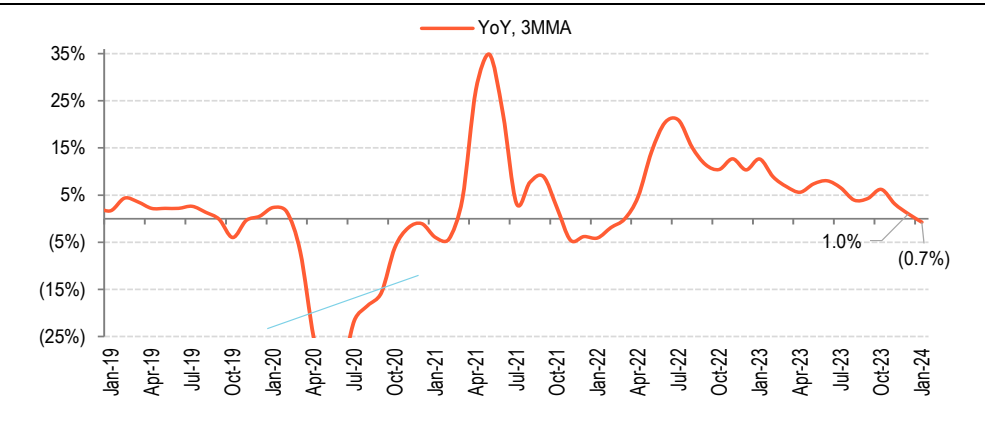


Fig 64 – Railway freight traffic growth in Oct-Nov'23 (6.9%), higher than Q2 (2.4%) levels

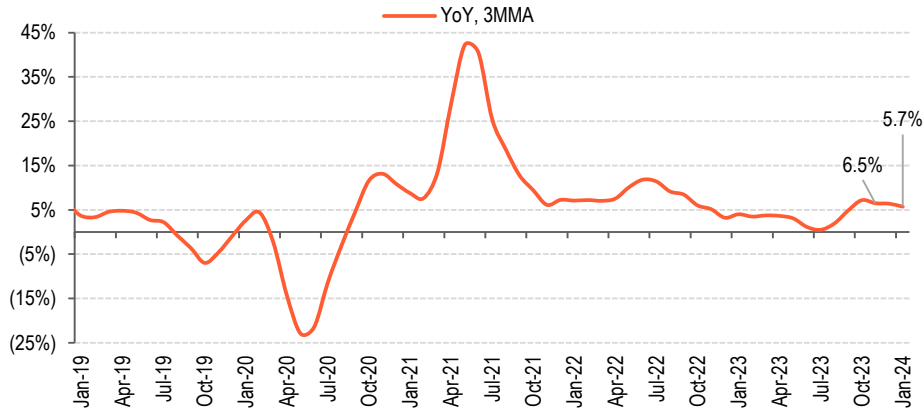


Fig 65 – Port cargo traffic in Q3 was much higher than Q2

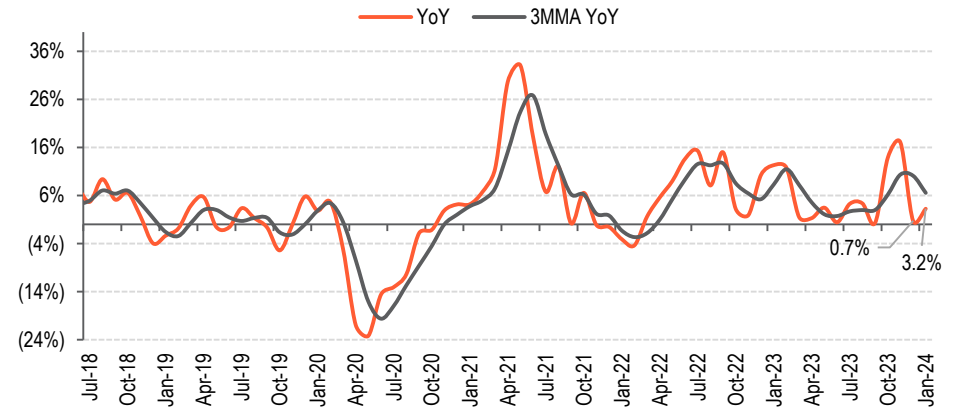


Fig 66 – Toll collections growth seen stabilizing

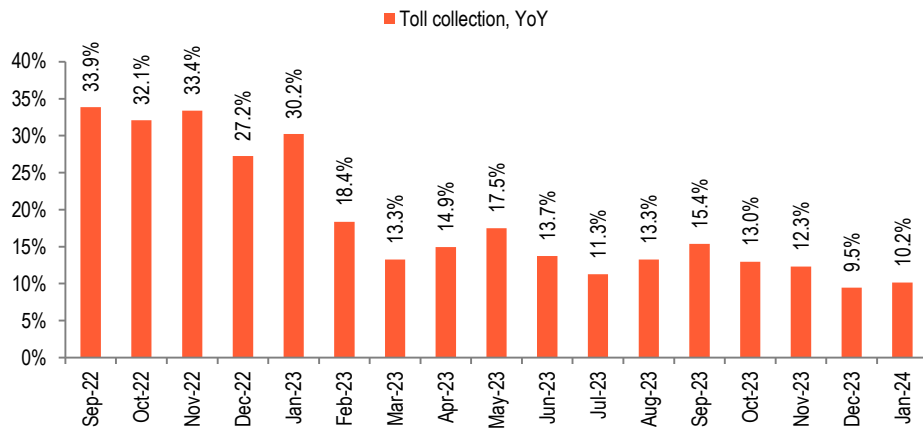
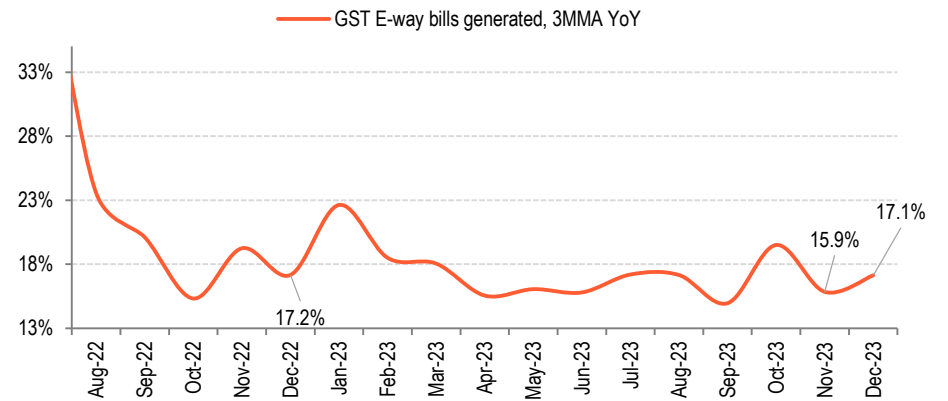


Fig 67 – Growth in E-way bills inched up in Dec'23



Hotels and communications

Fig 68 – Airline passenger traffic fell below pre-pandemic levels in Jan'24...

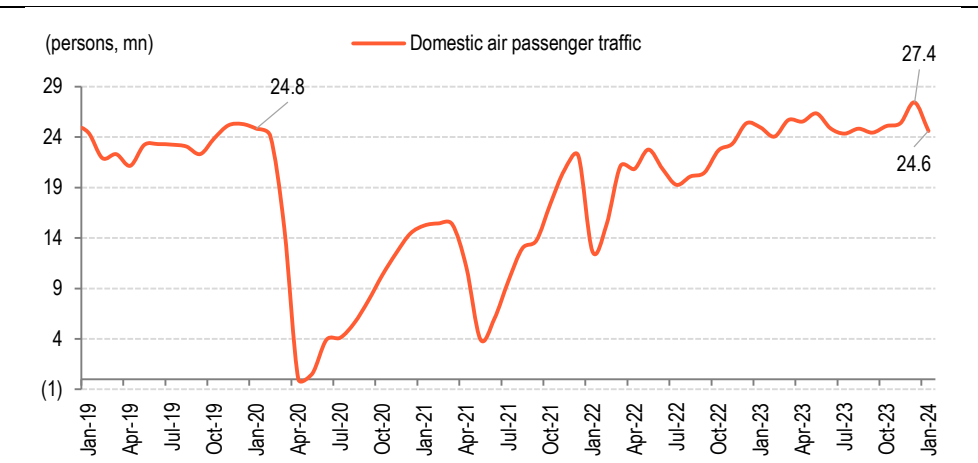


Fig 69 – ...as domestic passenger traffic was lower than pre-pandemic levels

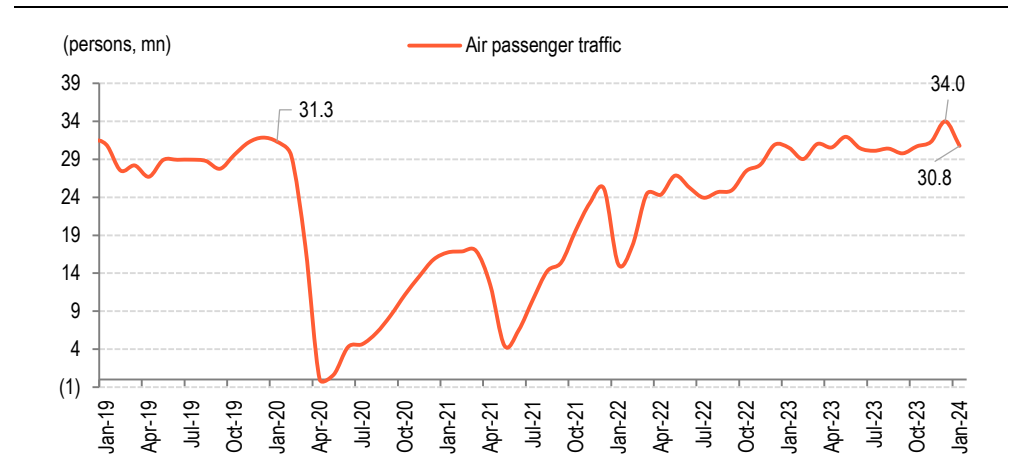


Fig 70 – Railway passenger traffic picked up pace in Oct'23

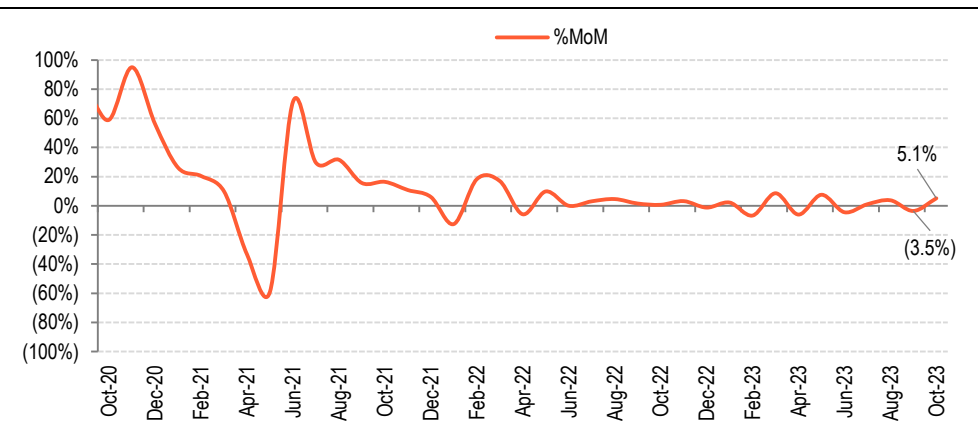
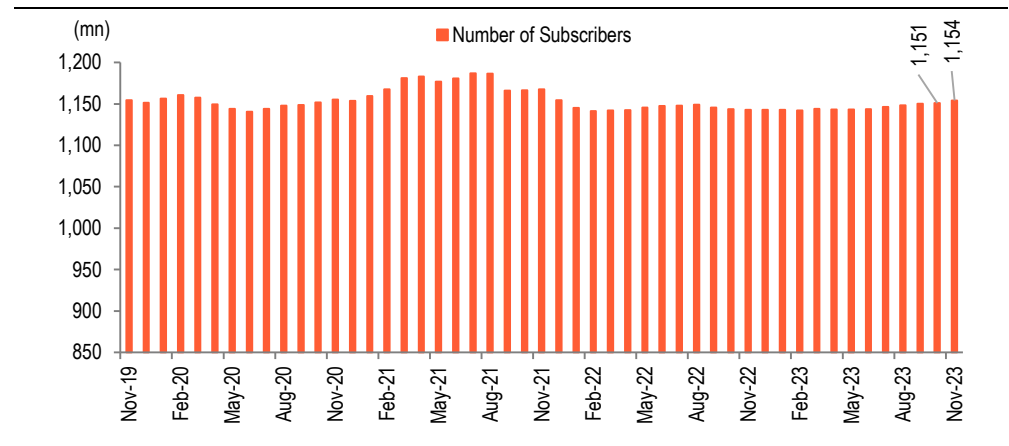


Fig 71 – Number of telecom subscribers rose by 3.2mn in Nov'23, following 0.8mn subscribers added in Oct'23



Finance and real estate

Fig 72 – Growth in GVA: Finance, real estate & prof. dragged growth lower in Q2

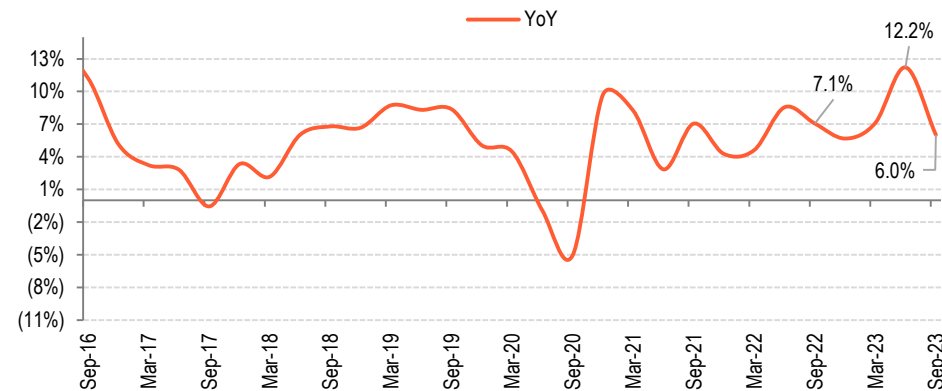
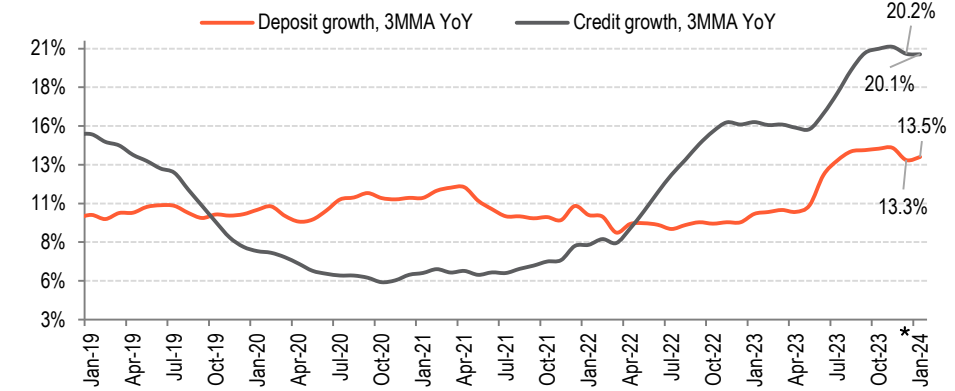


Fig 73 – Both credit and deposit growth broadly steady



*Data as of 12 Jan 2024

Fig 74 – Credit to both services and industry sector moderated in Dec'23

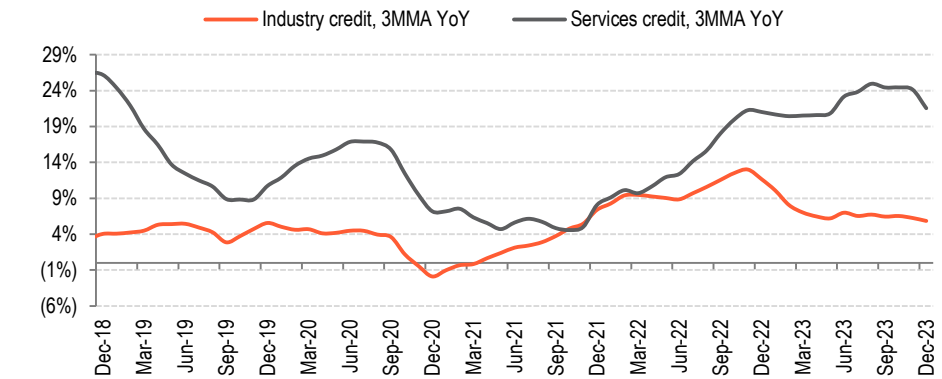


Fig 75 – Within services, credit to commercial real estate and NBFCs softening

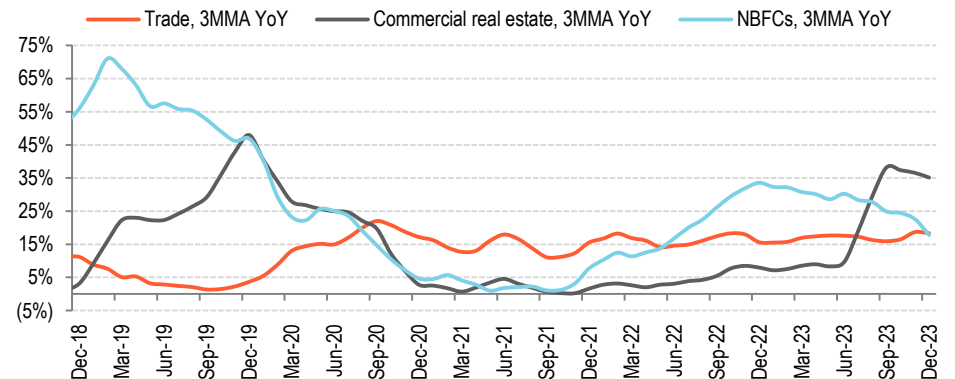
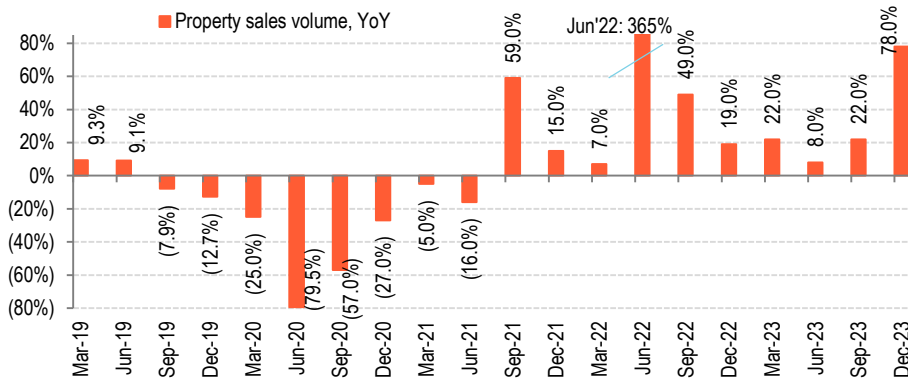


Fig 76 – Property sales volume continued to increase in Q3FY24; were up by 33% in CY23



Source: Proptiger

Labour market

Fig 78 – Naukri job index seen reviving in Jan'24

Fig 77 – Stamp duty collection growth of A.P. and Haryana continues to do well, while that of Telangana, Kerala and W.Bengal declined further in Dec'23

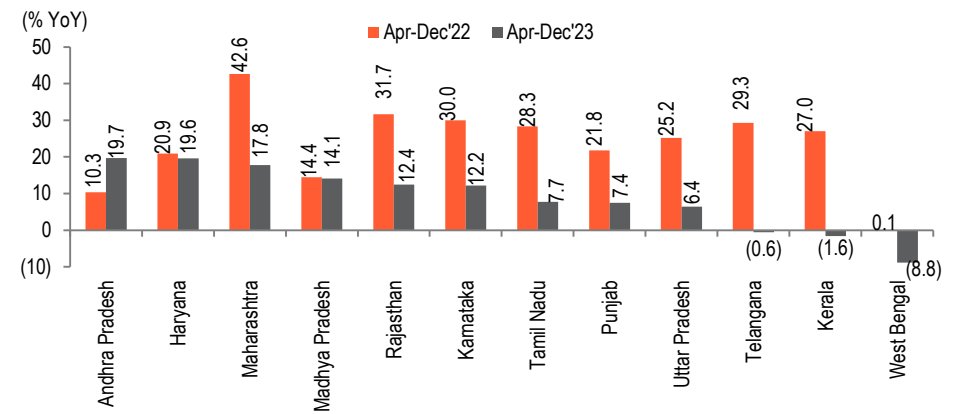
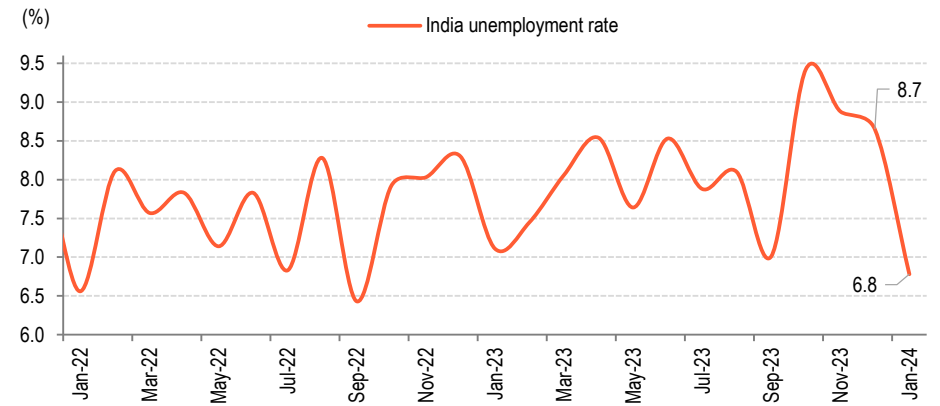
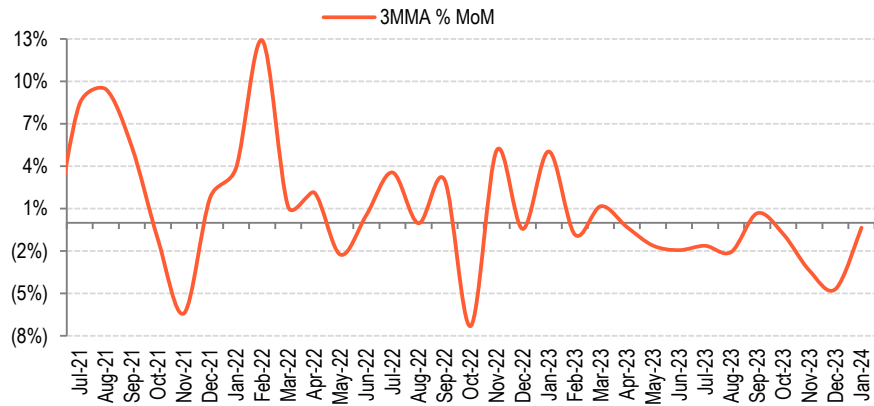


Fig 79 – Overall unemployment rate dropped significantly in Jan'24



Public administration

Fig 80 – Public admin & defence services eased only slightly in Q2

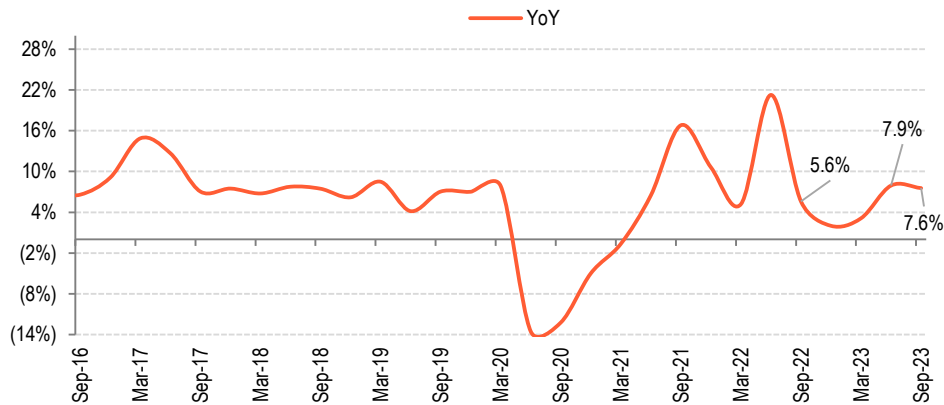


Fig 82 – ...dragged by continued decline in central government spending

Fig 81 – General govt. spending lagged in Q3FY24

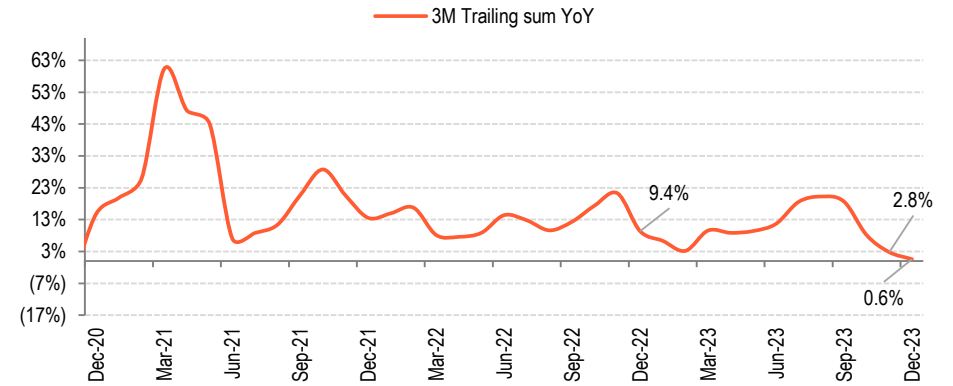
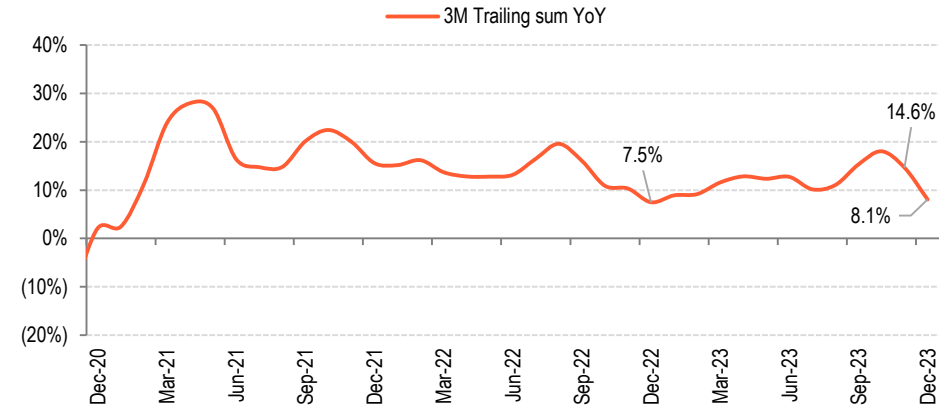
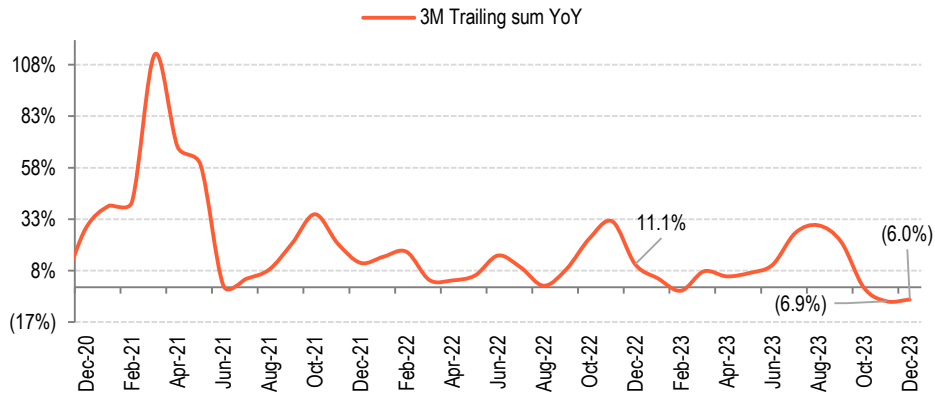


Fig 83 – State* Govt. spending in Q3FY24 was higher than last year

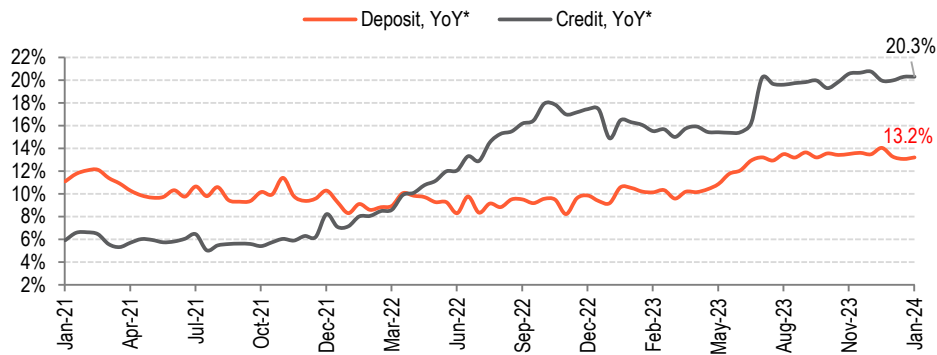


Note: *All states excluding North Eastern states, Gujarat, Goa and J&K

Financial sector

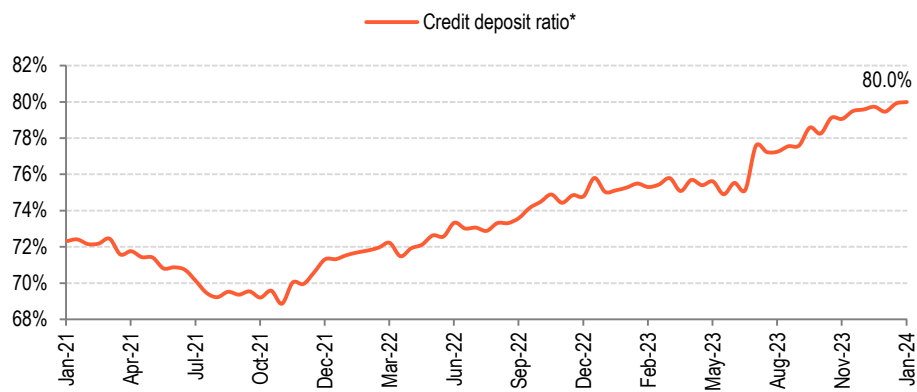
Money and banking

Fig 84 – Credit growth rose to 20.3% in Jan'24 from 20% in Dec'23 (incl. merger), deposit growth was at 13.2% from 13.3%



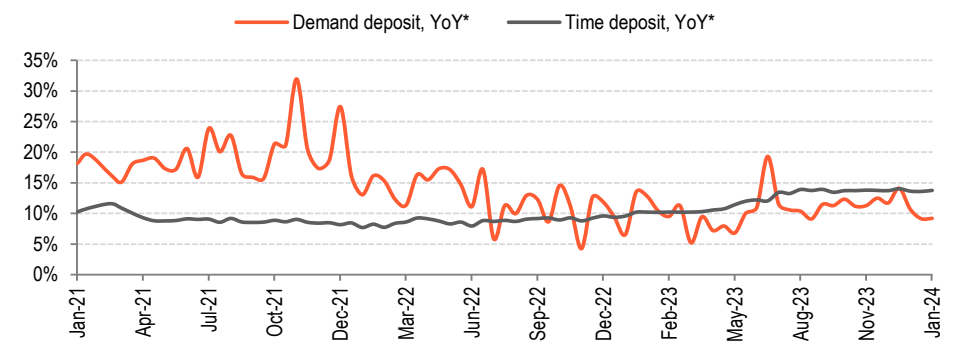
Note: *Jan'24 implies fortnight as of 26 Jan 2024

Fig 86 – CD ratio rose to 80%



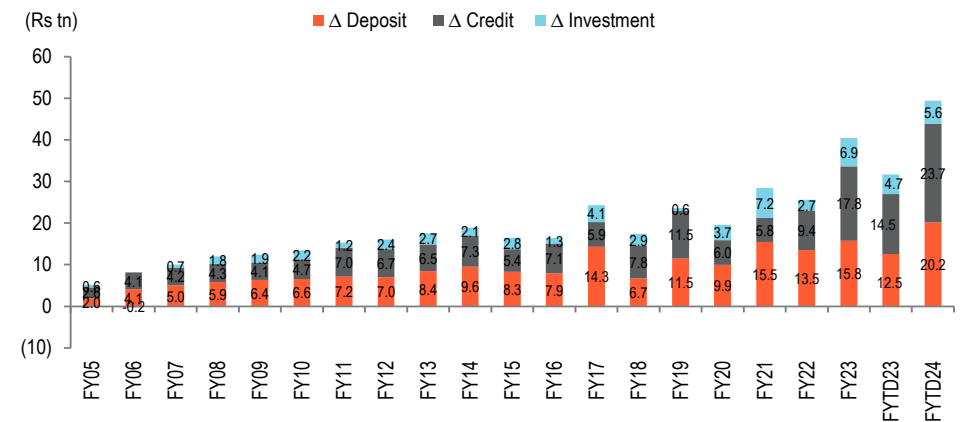
Note: *Jan'24 implies fortnight as of 26 Jan 2024

Fig 85 – ...Demand deposits moderated while time deposits inched up



Note: *Jan'24 implies fortnight as of 26 Jan 2024

Fig 87 – Credit, deposit and investment accretion



FYTD:Apr-26Jan

Fig 88 – Credit to govt moderated to 17.2% in Nov'23 from 17.8% in Oct'23, credit to commercial sector inched up to 15.1% from 14.2%

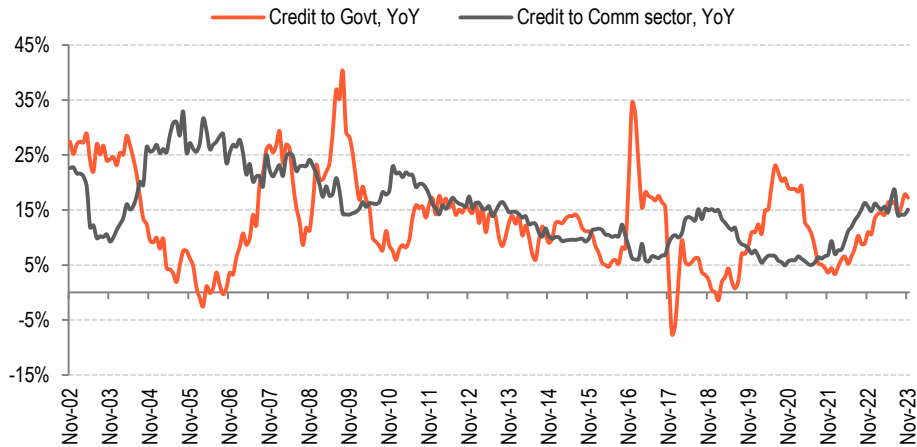


Fig 89 – Gap between WALR and repo

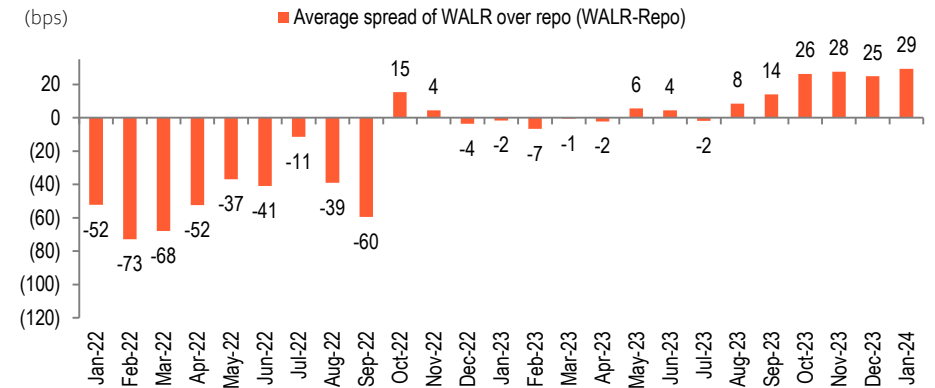


Fig 90 – WALR moderated to 8.51% in Dec'23 from 8.6% in Nov'23, WADTDR on the other hand, inched up slightly to 6.88% from 6.85%

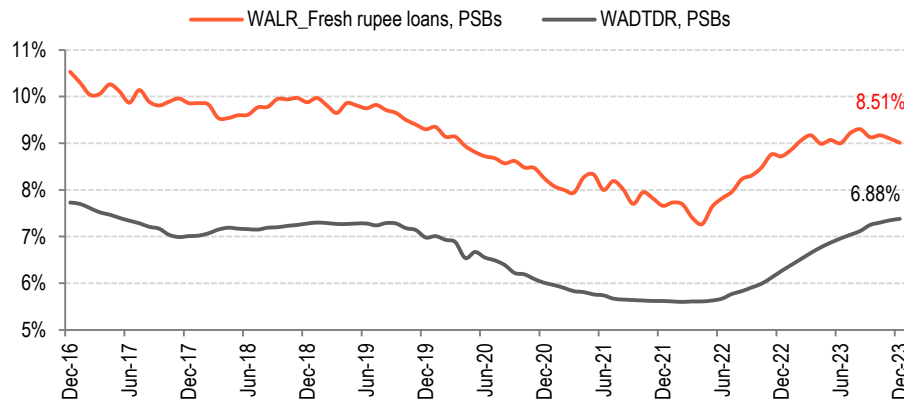
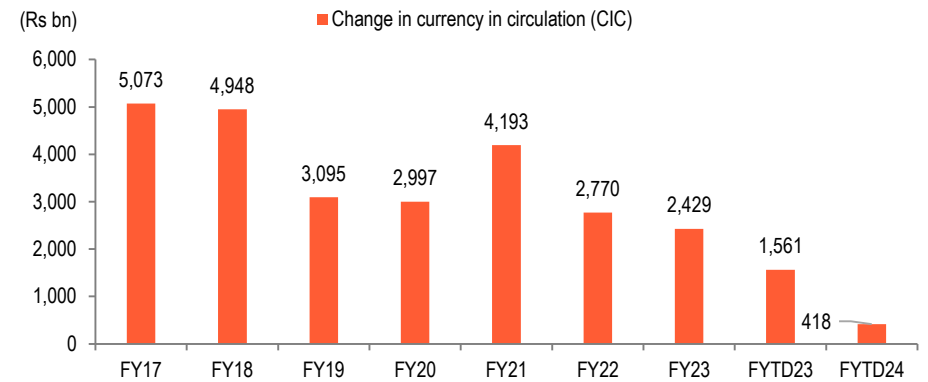
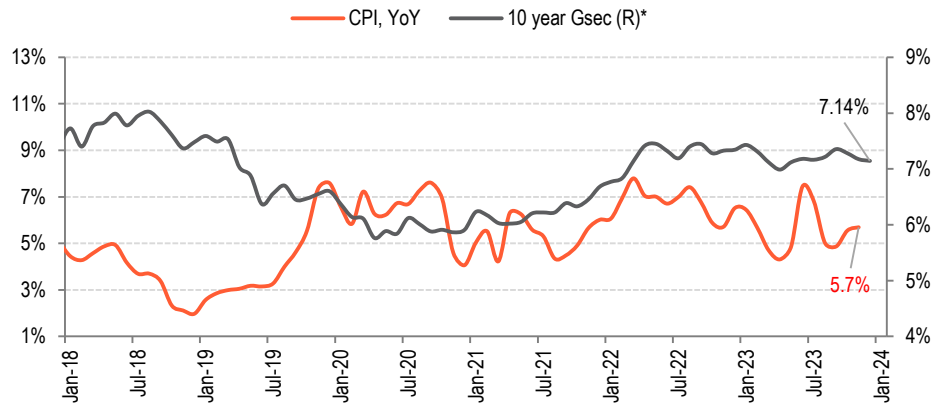


Fig 91 – CIC accretion in FYTD24 has risen by Rs 418bn



FYTD:Apr-Jan

Fig 92 – 10Y GSec yield moderated to 7.14% in Jan'24 from 7.17% in Dec'23 and currently at 7.08%, inflation inched up to 5.7% in Dec'23 from 5.6% in Nov'23



Note: *As on last trading day of the month

Fig 94 – Corporate debt issuances rose to Rs 1.1tn in Dec'23 from Rs 714bn in Nov'23

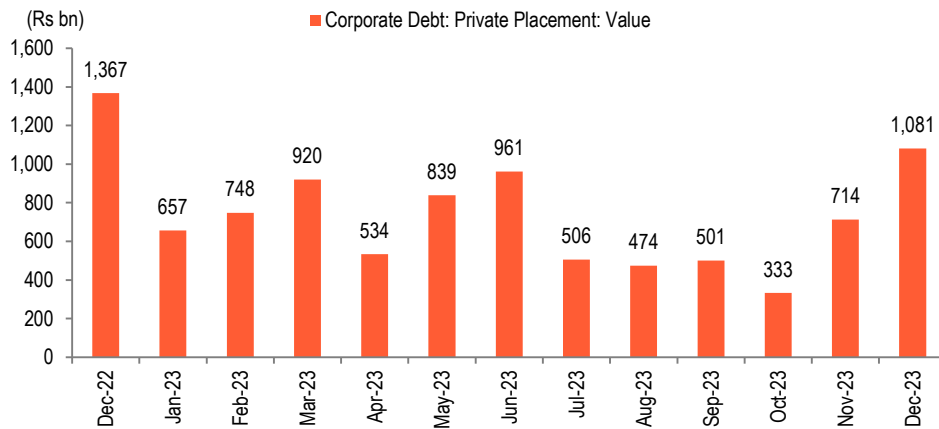
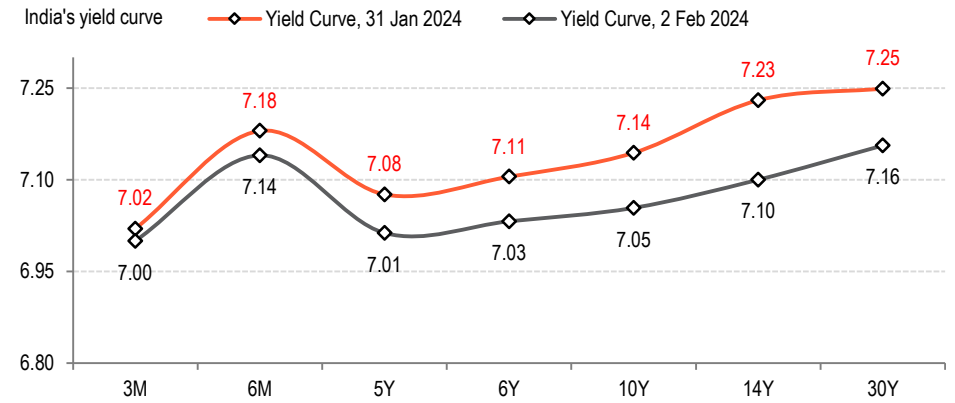
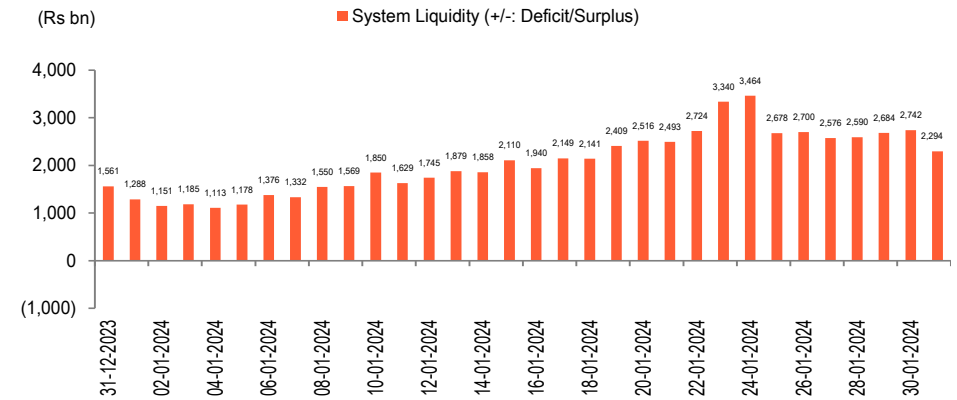


Fig 93 – Yield curve evolution post the Budget day



Source: Bloomberg

Fig 95 – Average system liquidity deficit rose to Rs 2tn in Jan'24 from Rs 1.2tn in Dec'23 and currently at deficit of Rs 2tn



Source: RBI

Fig 96 – 3Y AAA NBFC spread rose to 79bps as on 31 Jan 2024 from 64bps as on 29 Dec 2023

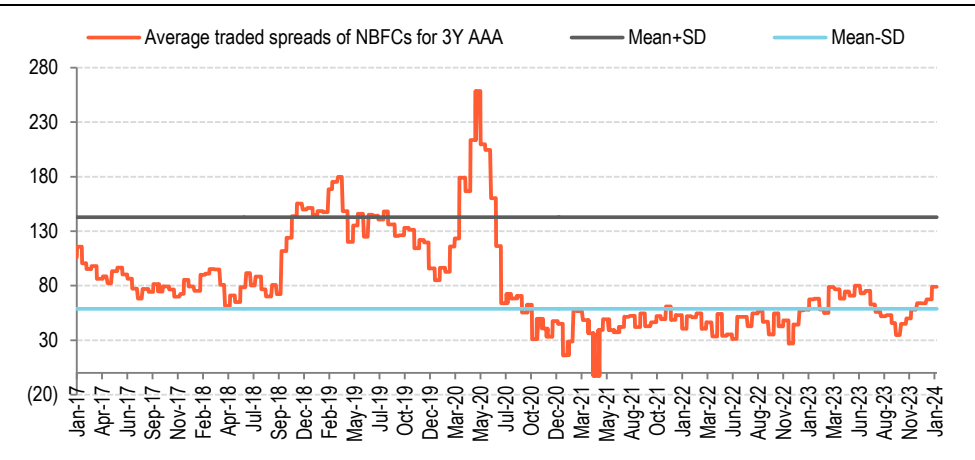


Fig 97 – For 10Y AAA NBFC it moderated to 50bps from 56bps

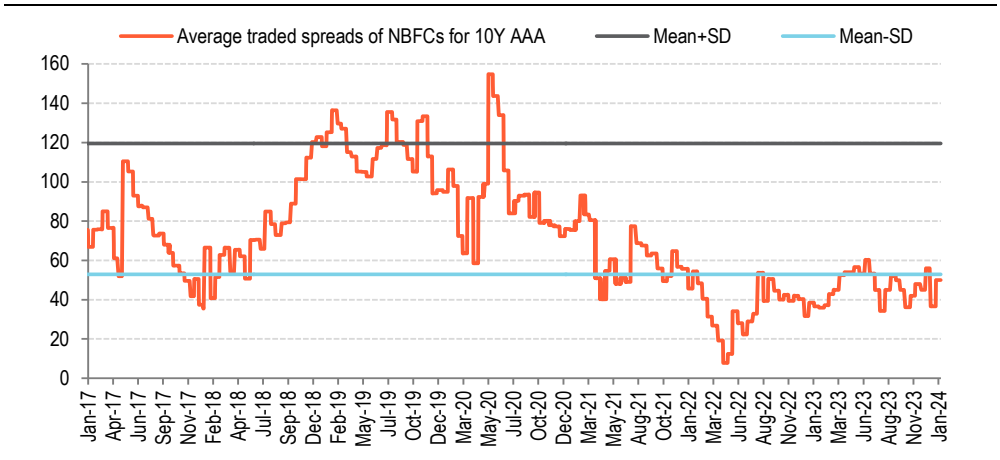


Fig 98 – 3Y AAA corp spread edged up to 62bps from 57bps

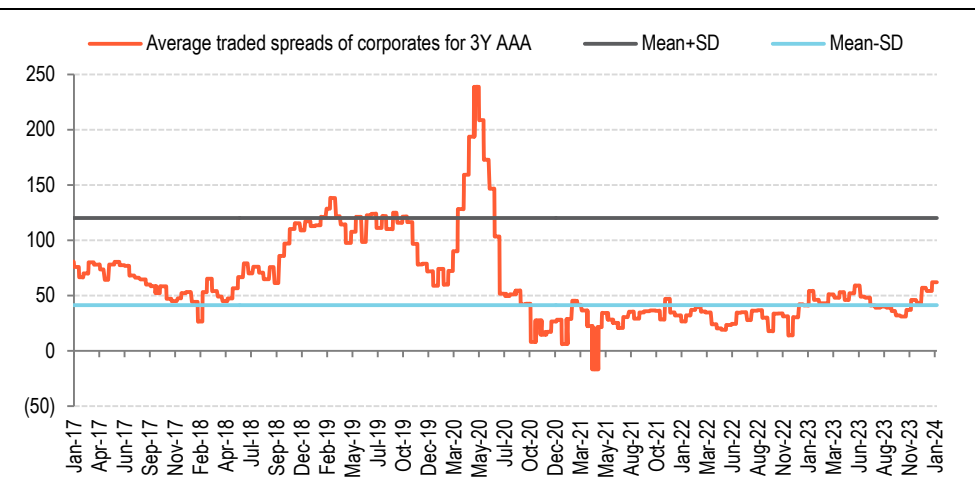


Fig 99 – For 10Y AAA corp spread, it inched up to 44bps from 43bps

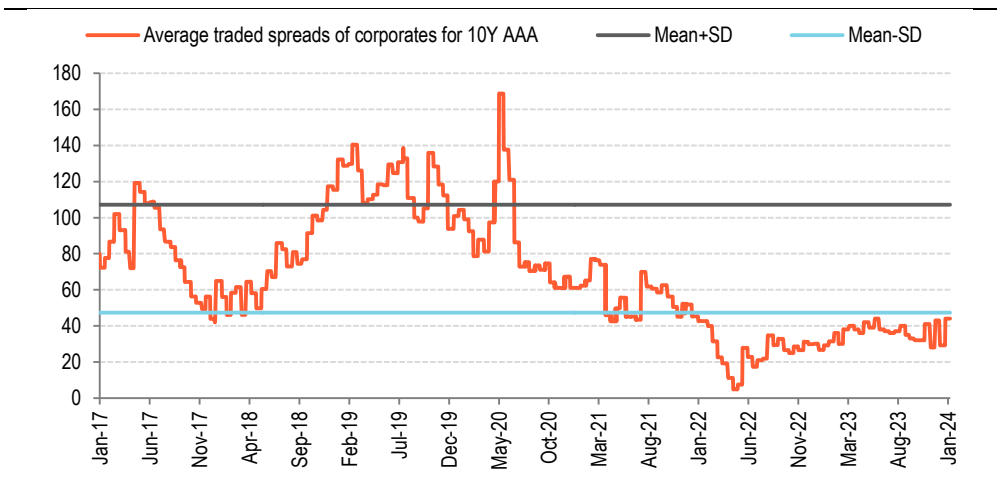


Fig 100 – INR 3Y swap moderated to 6.22 as on 31 Jan 2024 from 6.25 as on 29 Dec 2023

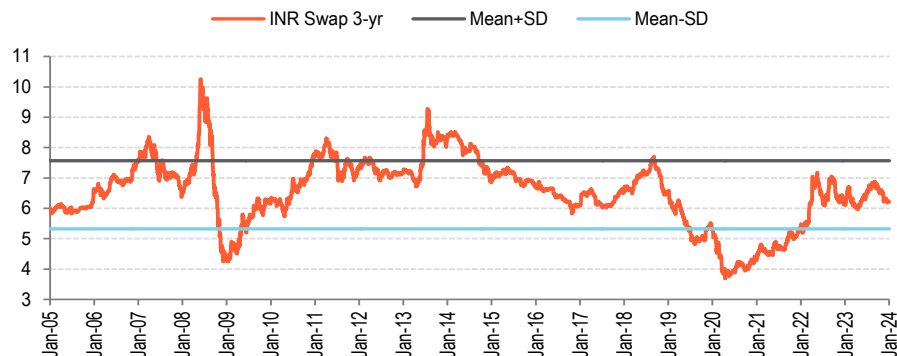
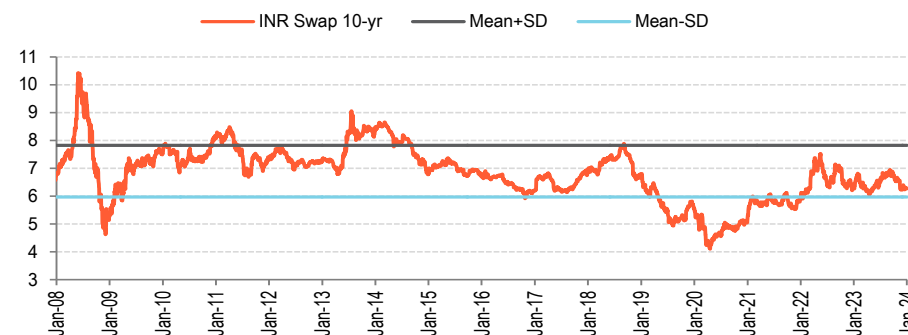


Fig 101 – For 10Y, it was at 6.28 compared to 6.25



Interest rates on small savings schemes

Fig 102 – Interest rate on 3 year recurring deposits and Sukanya samridhhi scheme have been increased in Q4FY24

Instrument (%)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Savings deposit	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
1 year time deposit	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	6.6	6.8	6.9	6.9	6.9
2 year time deposit	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.7	6.8	6.9	7.0	7.0	7.0
3 year time deposit	6.9	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.8	6.9	7.0	7.0	7.0	7.1
5 year time deposit	7.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	7.0	7.5	7.5	7.5	7.5
5 year recurring deposit	7.2	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	6.2	6.5	6.7	6.7
5 year senior citizen savings scheme	8.6	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.6	8.0	8.2	8.2	8.2	8.2
5 year monthly income scheme	7.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.7	7.1	7.4	7.4	7.4	7.4
5 year national savings certificate	7.9	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	7.0	7.7	7.7	7.7	7.7
Public provident fund scheme	7.9	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1
Kisan vikas patra	7.6	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	7.0	7.2	7.5	7.5	7.5	7.5
Sukanya samridhhi account scheme	8.4	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	8.0	8.0	8.0	8.2

Source: Department of Economic Affairs, Ministry of Finance, Government of India, Red highlighted ones are the change in rates

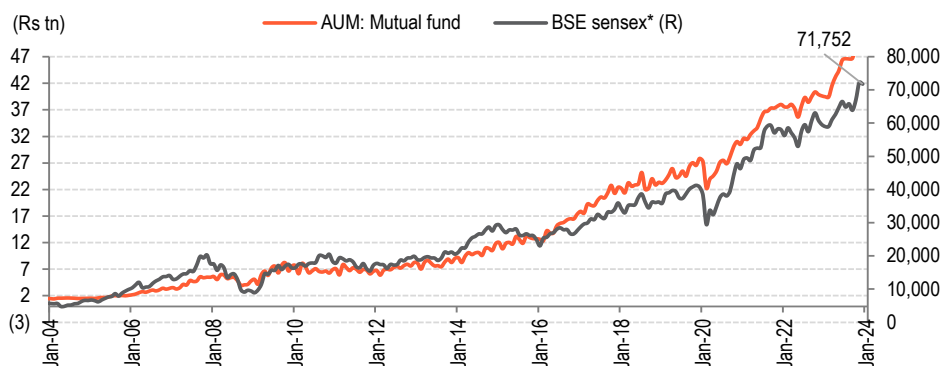
Fig 103 – MCLR rate of banks have broadly increased

1Y MCLR (%)	Nov'22	Dec'22	Jan'23	Feb'23	Mar'23	Apr'23	May'23	Jun'23	Jul'23	Aug'23	Sep'23	Oct'23	Nov'23	Dec'23	Jan'24
Public Sector Banks															
Bank of Baroda	8.05	8.30	8.50	8.55	8.55	8.60	8.60	8.65	8.65	8.65	8.70	8.70	8.75	8.75	8.80
Bank of India	7.95	8.15	8.30	8.40	8.50	8.60	8.60	8.65	8.65	8.70	8.70	8.70	8.75	8.80	8.80
Canara Bank	8.10	8.15	8.35	8.50	8.60	8.65	8.65	8.65	8.65	8.70	8.70	8.70	8.75	8.75	8.80
Indian Bank	8.10	8.20	8.30	8.45	8.55	8.60	8.60	8.65	8.65	8.65	8.70	8.70	8.75	8.75	8.80
Punjab National Bank	8.05	8.10	8.30	8.40	8.50	8.50	8.50	8.60	8.60	8.60	8.65	8.65	8.65	8.65	8.70
State Bank of India	8.05	8.30	8.40	8.50	8.50	8.50	8.50	8.50	8.55	8.55	8.55	8.55	8.55	8.65	8.65
Union Bank of India	8.20	8.25	8.40	8.65	8.65	8.65	8.65	8.65	8.65	8.65	8.70	8.70	8.70	8.80	8.80
Private Sector Banks															
Axis Bank Ltd.	8.45	8.75	8.80	8.90	8.95	8.95	9.10	9.10	9.10	9.15	9.15	9.15	9.20	9.25	9.25
HDFC Bank Ltd.	8.55	8.60	8.85	8.90	8.95	8.95	9.05	9.05	9.05	9.10	9.15	9.20	9.20	9.20	9.25
ICICI Bank Ltd.	8.30	8.40	8.65	8.65	8.75	8.75	8.75	8.85	8.85	8.90	8.95	8.95	9.00	9.00	9.10
Indusind Bank	9.80	9.95	9.95	10.05	10.15	10.20	10.20	10.20	10.25	10.25	10.30	10.30	10.35	10.35	10.35
Kotak Mahindra Bank	8.55	8.65	8.95	9.00	9.05	9.10	9.20	9.20	9.25	9.30	9.30	9.35	9.35	9.35	9.45

Source: RBI, Note: Banks whose MCLR went up in Jan'24 have been marked red

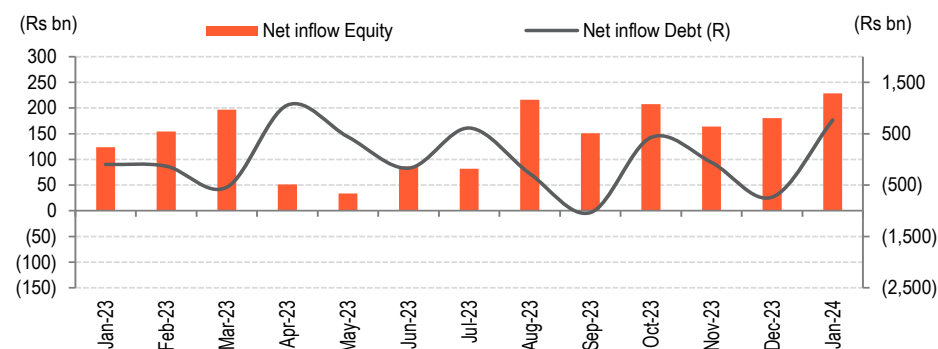
Mutual fund (MF) indicators

Fig 104 – Sensex moderated by 0.7% in Jan'24, AUM of MFs rose to Rs 52.7tn in Jan'24 from Rs 50.8tn in Dec'23



Source: *Sensex as on last trading day of the month.

Fig 105 – MF equity inflows rose to Rs 229bn in Jan'24 from Rs 180bn in Dec'23; debt inflow rose to Rs 766bn from outflow of Rs 735bn



Insurance sector indicators

Fig 106 – Sale of life insurance policies rose by 10% in Jan'24 from 3.8% decline seen in Dec'23

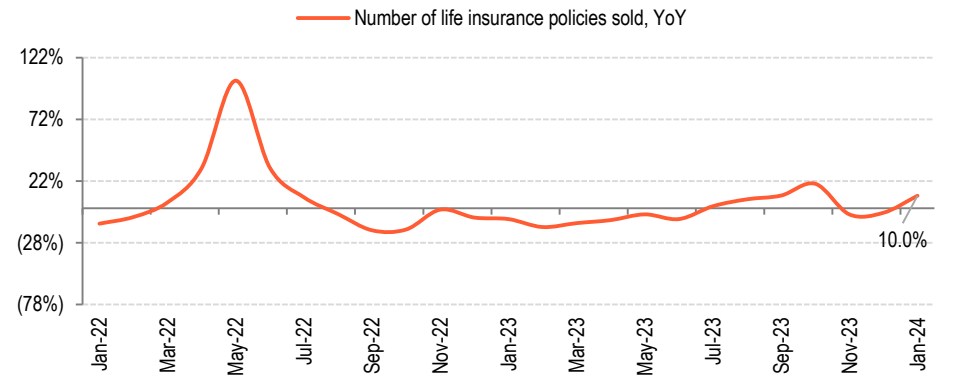
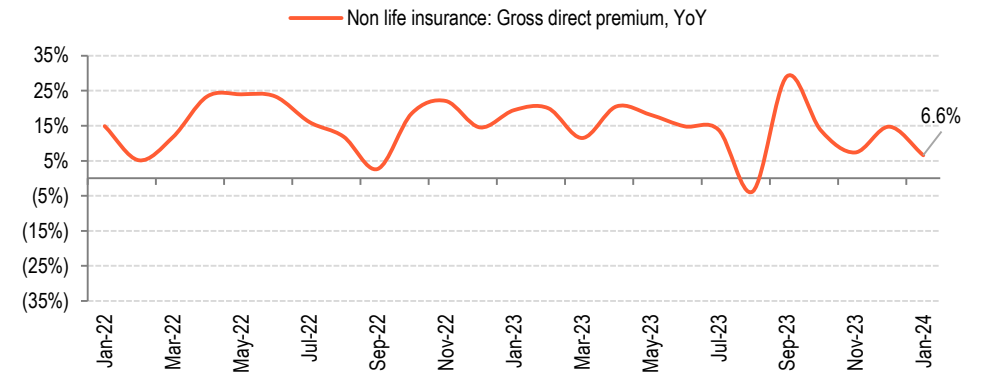


Fig 107 – Gross direct premium for non-life insurance moderated to 6.6% in Jan'24 from 14.7% in Dec'23 due to an unfavourable base



Public finance

Central government finances

Fig 108 – Fiscal deficit inched up a tad in Dec'23 (12MMA basis)

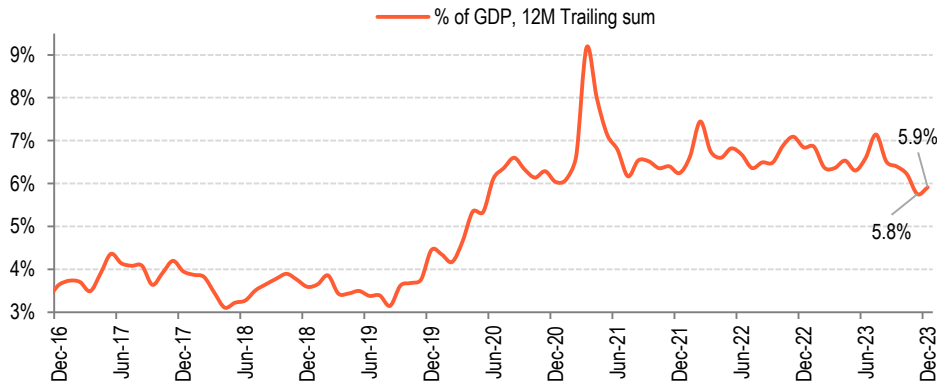


Fig 109 – Revenue deficit remained steady

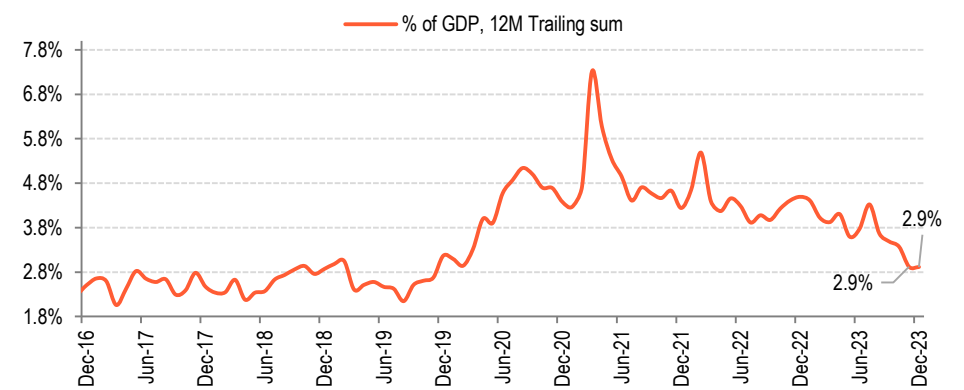


Fig 110 – Primary deficit at 2.5% as of Dec'23

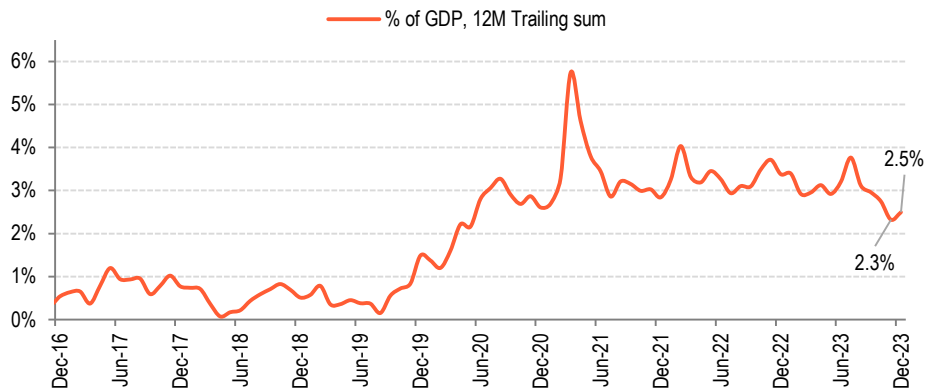


Fig 111 – Government spending picked up pace in Dec'23 (12MMA basis)

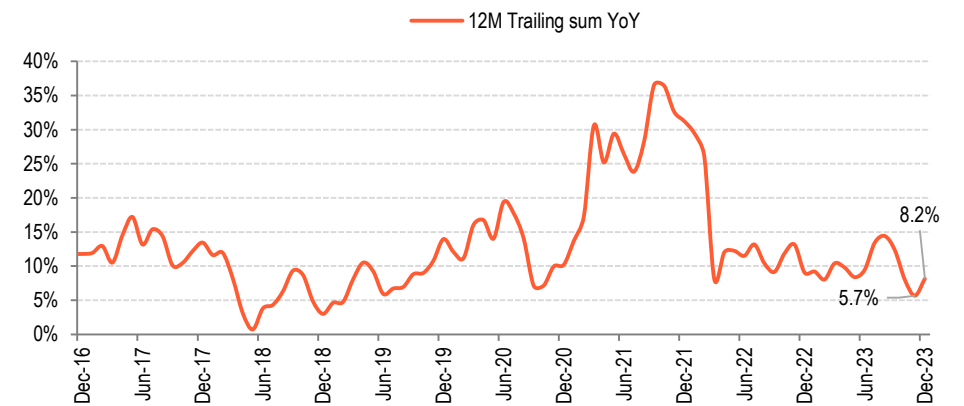


Fig 112 – ...led by capex growth

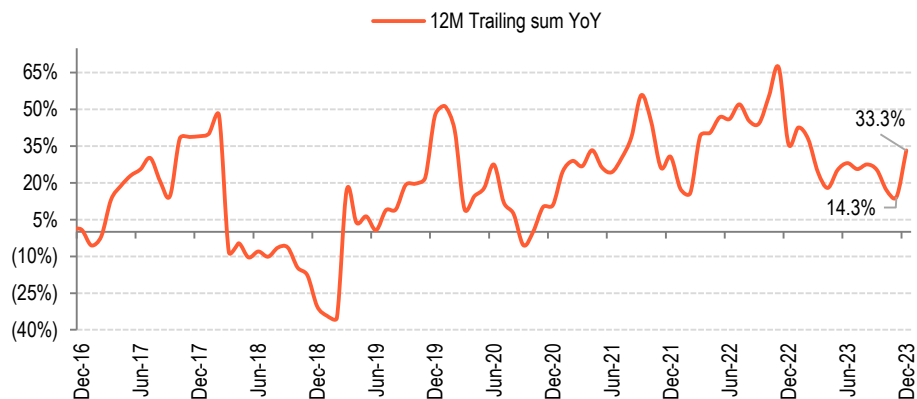


Fig 113 – Revenue spending continues to moderate

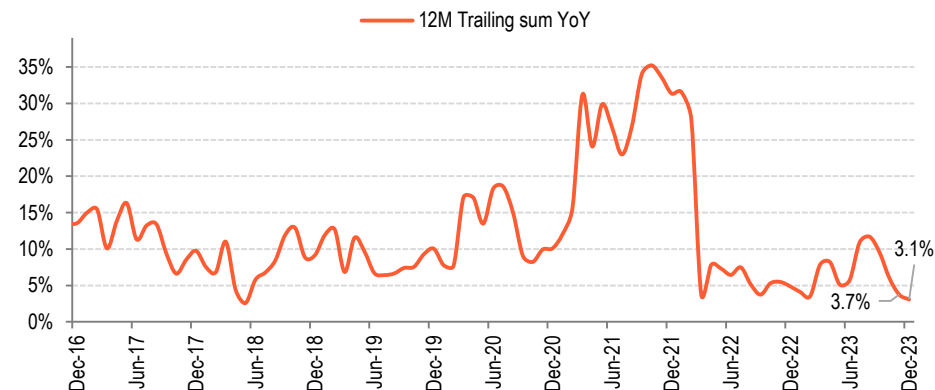


Fig 114 – Pickup in spending led by ministries of defence, agriculture, health & family welfare

Ministry	Apr-Dec'21	Apr-Dec'22	% change	Apr-Dec'23	% change	FY24RE	% change
Ministry of Finance	9,127	10,123	10.9	10,769	6.4	16,272	8.9
Ministry of Defence	3,608	3,802	5.4	4,453	17.1	6,239	8.9
Ministry of Consumer Affairs, Food and Public Distribution	1,983	1,685	(15.0)	1,393	(17.3)	2,222	(21.7)
Ministry of Rural Development	1,141	1,100	(3.6)	1,089	(1.0)	1,730	(2.7)
Ministry of Home Affairs	1,222	1,343	9.9	1,460	8.7	2,000	7.1
Ministry of Human Resource Development	556	637	14.6	592	(7.0)	1,297	33.5
Ministry of Road Transport and Highways	950	1,582	66.5	2,281	44.2	2,764	27.3
Ministry of Chemicals and Fertilisers	849	1,816	113.8	1,414	(22.1)	1,922	(24.2)
Ministry of Petroleum and Natural Gas	44	32	(26.5)	29	(10.1)	148	(52.3)
Ministry of Agriculture	938	695	(25.9)	779	12.1	1,267	17.0
Ministry of Health and Family Welfare	587	521	(11.3)	557	6.9	805	6.3

Fig 115 – Receipt growth slowed a bit in Dec'23

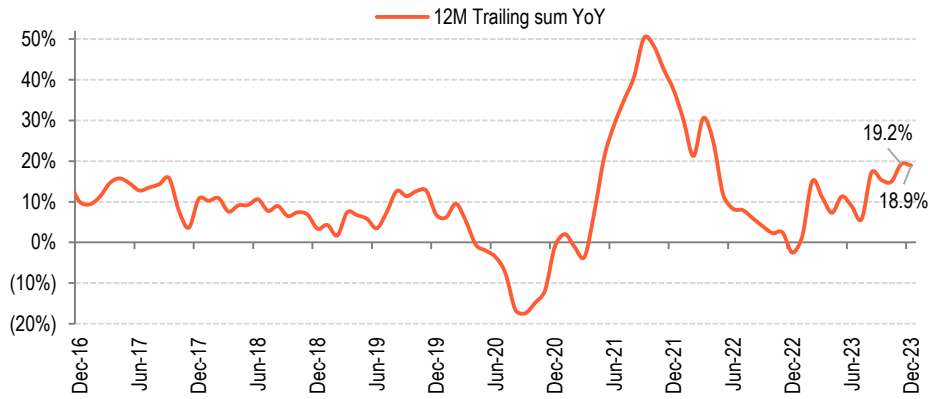


Fig 116 – Revenue receipts contributed positively in Dec'23

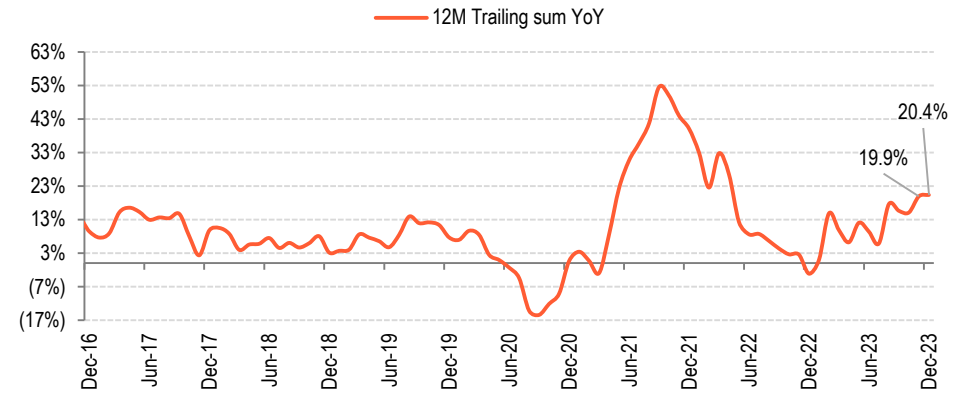


Fig 117 – ...As non-tax revenue receipts improved

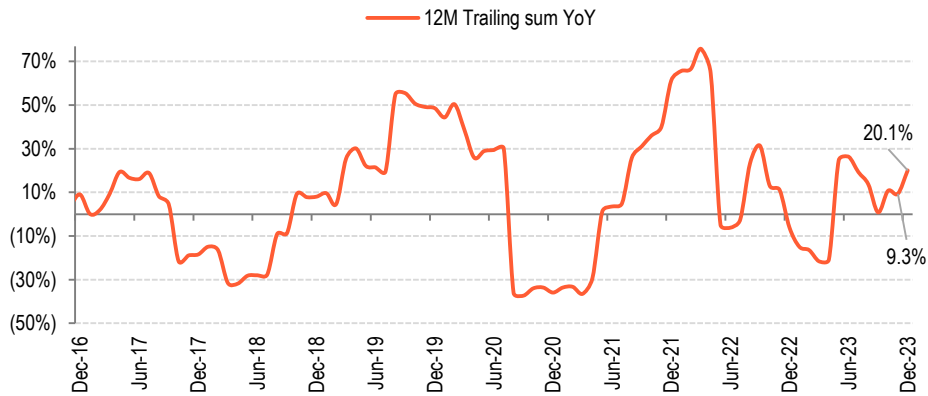


Fig 118 – However, net tax collections eased slightly

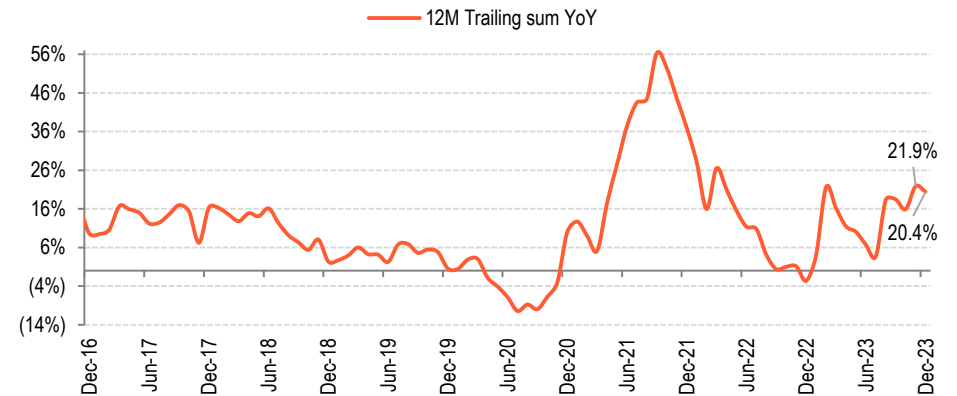


Fig 119 – Centre’s net revenue collections as of Dec’23, far better than last year; capex growth also gathering pace

	Apr-Dec'21	Apr-Dec'22	% change	Apr-Dec'23	% change	FY24RE	% change
Gross Tax revenue	19,290	21,707	12.5	24,825	14.4	34,372	12.5
Direct taxes	9,684	11,423	18.0	14,073	23.2	19,450	17.2
Corp Tax	5,203	6,082	16.9	7,217	18.7	9,227	11.7
Income Tax	4,481	5,341	19.2	6,856	28.4	10,223	22.7
Indirect taxes	9,606	10,284	7.1	10,752	4.6	14,794	7.1
Non-tax revenue	2,594	2,143	(17.4)	3,124	45.8	3,758	31.7
Centre's revenue (net)	17,332	17,700	2.1	20,423	15.4	26,997	13.3
Total expenditure	25,211	28,181	11.8	30,542	8.4	44,905	7.1
Capital exp	3,916	4,899	25.1	6,736	37.5	9,502	28.4
Revenue exp	21,294	23,281	9.3	23,806	2.3	35,402	2.5
Fiscal deficit	7,594	9,930	30.8	9,823	(1.1)	17,348	0.0

Fig 120 – Gross direct tax collection growth continues to maintain momentum

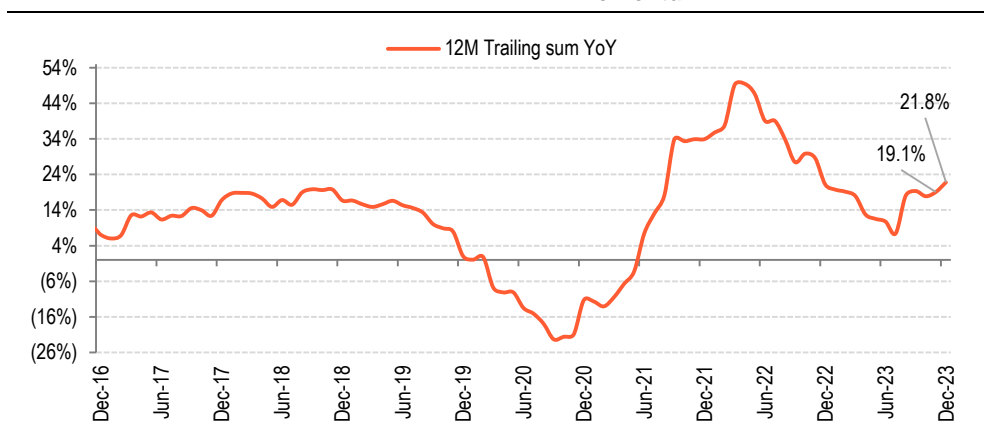


Fig 121 – Gross indirect tax collections also gathered pace

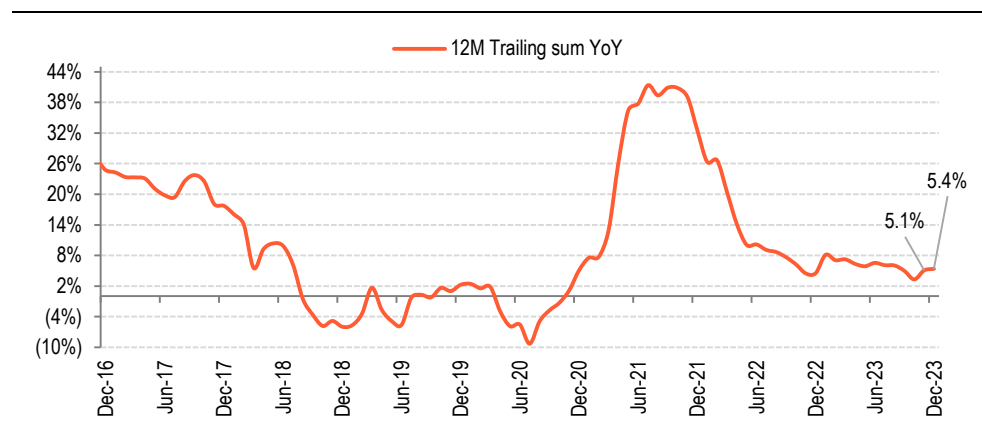


Fig 122 – Amongst direct taxes, both corporate tax collections and...

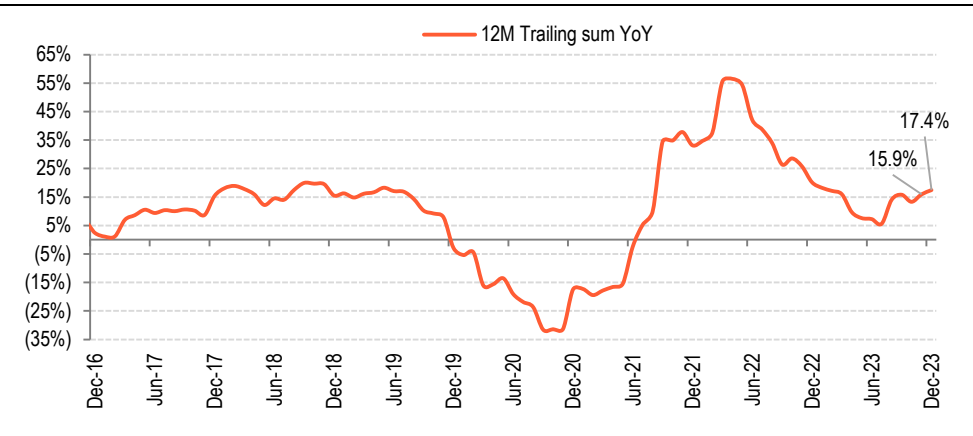


Fig 123 – ...Income tax collections supported growth

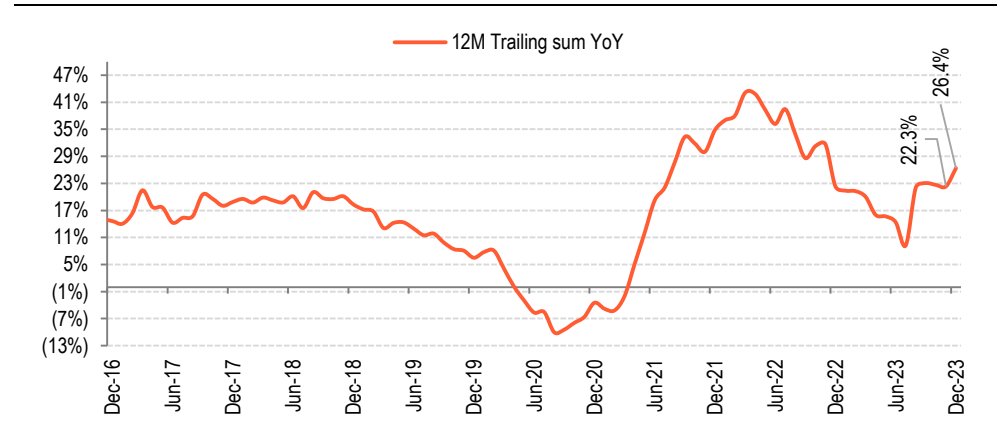
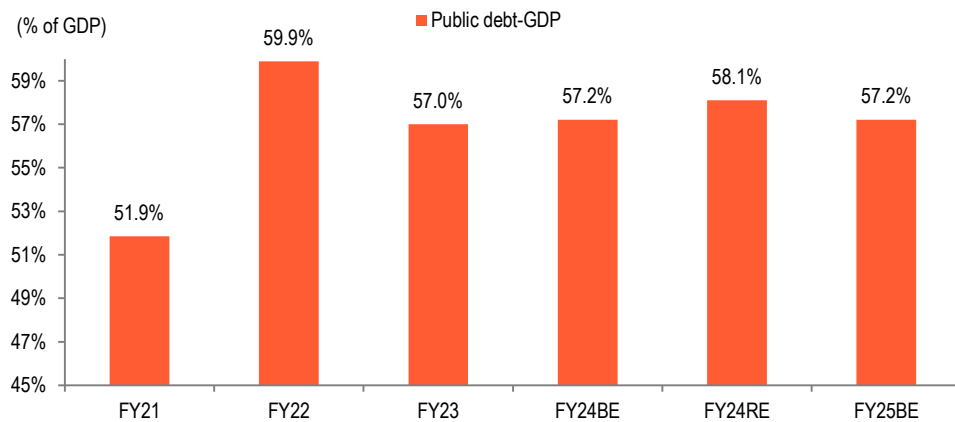


Fig 124 – GST collections for Dec'23 second highest on record

(Rs bn)	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Monthly run rate (FYTD24)	FYTD24	FY24 (RE)
CGST	608	652	601	611	809	607	648	672	627	617	705	661	680	670	6,027	8,116
UT GST	2.3	2.4	3.9	9.2	3.1	2.6	3.4	2.5	3.1	2.0	11.2	2.5	4.5	4	35	-
IGST	(34)	(17)	(23)	86	(93)	10	16	(24)	63	17	(159)	43	(113)	(27)	(241)	-
SGST*	874	754	901	1,062	733	884	865	826	820	970	1,003	824	1,031	884	7,957	-
Cess	109	104	118	102	119	112	118	114	114	114	119	118	118	116	1,046	1,450
Total GST	1,559	1,496	1,601	1,870	1,571	1,615	1,651	1,591	1,627	1,720	1,679	1,649	1,721	1,647	14,824	-

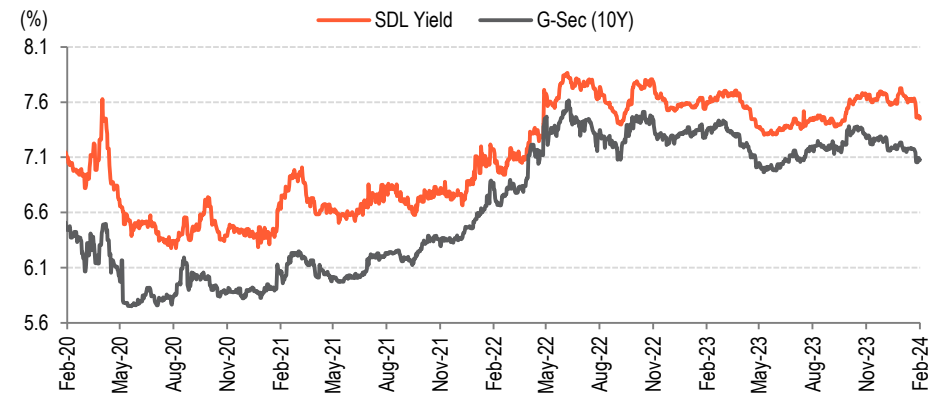
Source: PIB | *Computed from PIB and CGA data

Fig 125 – Central government debt is estimated to come down in FY25



Source: Union Budget documents

Fig 126 – Spread between 10Y G-sec and SDL yield rose again in Jan'24, but is showing signs of narrowing in Feb'24 so far



Source: CCIL

Fig 127 – Subsidy bill is expected to be brought down in FY25

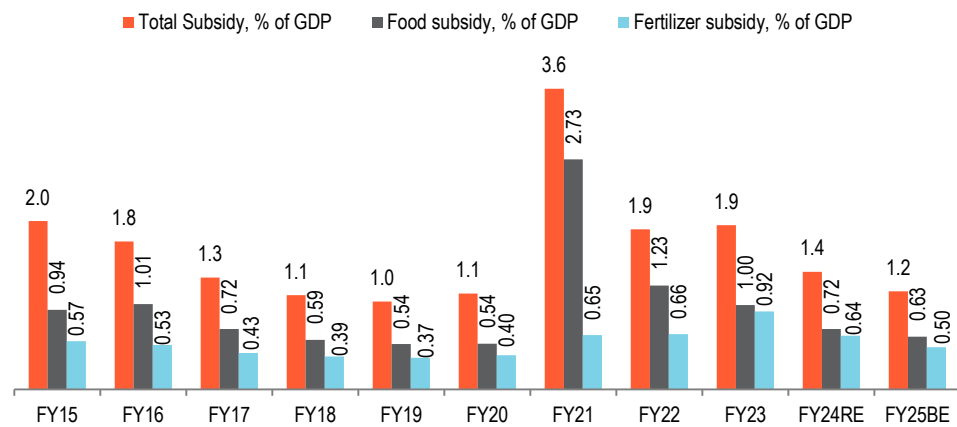
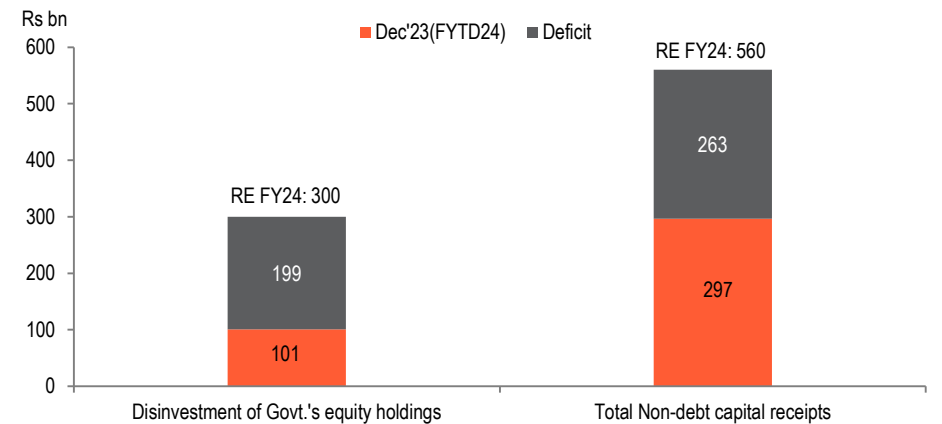


Fig 128 – Central gov't. disinvestment status (FYTD24)





Central government borrowing

Fig 129 – Centre's borrowing through T-bill in Q4 till date has been at Rs 1.5tn

Total accepted amount (T-bills), (Rs bn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY24 (planned)
Q1	2,797	2,888	3,089	3,364	5,328	5,375	5,247	4,963	4,160
Q2	2,584	3,186	3,299	3,024	5,417	3,215	3,704	3,899	3,120
Q3	2,747	2,632	3,070	2,889	3,745	3,630	3,589	3,611	3,120
Q4	1,684	2,486	1,812	2,511	2,714	4,766	4,566	1,513*	3,930
Total	9,811	11,192	11,271	11,788	17,204	16,986	17,105		14,330

Source: RBI, * Till 7th Feb 2024

State government borrowing

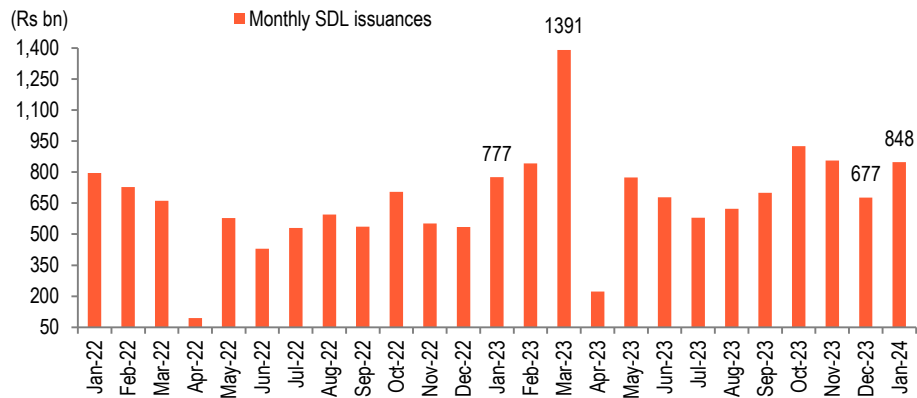
Fig 131 – State government borrowings fastened in Jan'24

Fig 130 – Centre's gross borrowing in Q4 till date is at Rs 1.7tn

Total accepted amount (G-Sec), (Rs bn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY24 (planned)
Q1	1,500	1,680	1,320	2,040	3,140	3,064	3,570	4,080	4,410
Q2	1,910	1,890	1,440	2,210	4,220	3,649	4,390	4,800	4,470
Q3	1,610	1,640	1,270	1,930	2,910	3,190	3,510	3,850	3,480
Q4	800	670	1680	920	3,191	1370	2,740	1,740#	2280
Total	5,820	5,880	5,710	7,100	13,461*	11,273	14,210		

Source: RBI* Against budgeted Rs 12.8tn, # Till 2nd Feb 2024

Fig 132 – States have raised 27% of the planned borrowing in Q4 so far



Source: RBI

External sector

Exports

Fig 133 – Some pickup visible in global exports

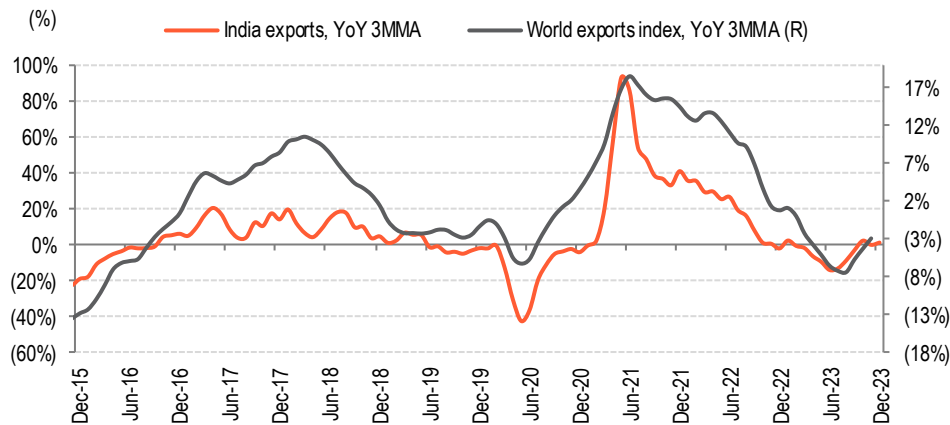
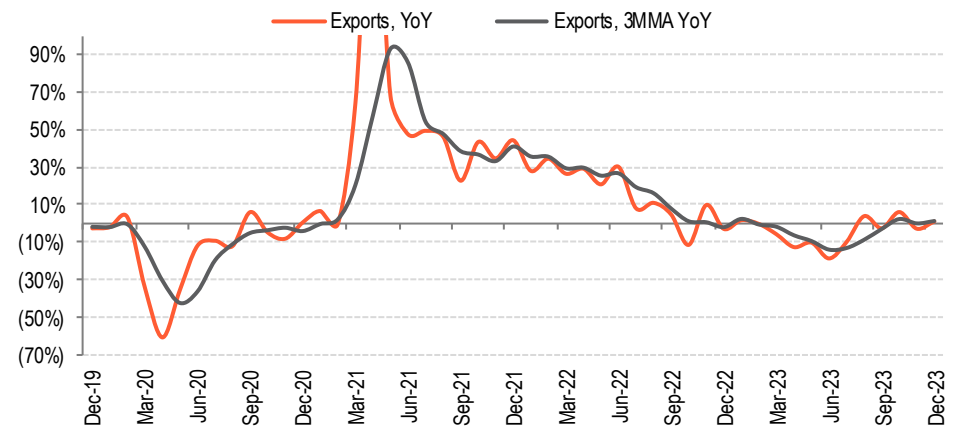


Fig 134 – India's exports rose by 1% in Dec'23; average growth rate of 1.3% in Q3FY24



Quarterly SDL issuances, (Rs bn)	FY18	FY19	FY20	FY21	FY22	FY23	FYTD24 (actual)	FY24 (planned)
Q1	650	766	815	1,673	1,446	1,102	1,677	2,000
Q2	1,130	809	1,439	1,614	1,644	1,661	1,903	2,374
Q3	1,054	1,277	1,470	2,023	1,653	1,879	2,460	2,374
Q4	1,348	1,809	2,006	1,898	2,184	3,009	1,115*	4,135
Total	4,182	4,661	5,731	7,206	6,927	7,652	7,155*	10,880

Source: RBI; *as of 6 Feb 2024

Exports by major sectors

Fig 135 – Non-oil exports showing some traction

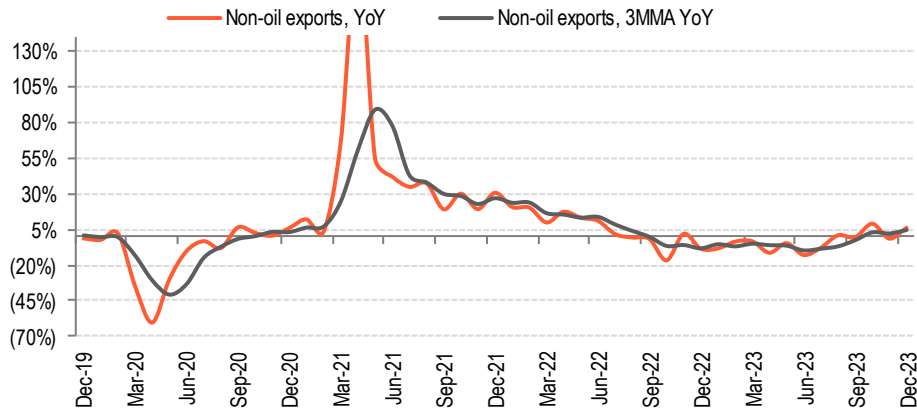


Fig 136 – Within non-oil exports, exports of engineering goods picked up materially in Dec'23

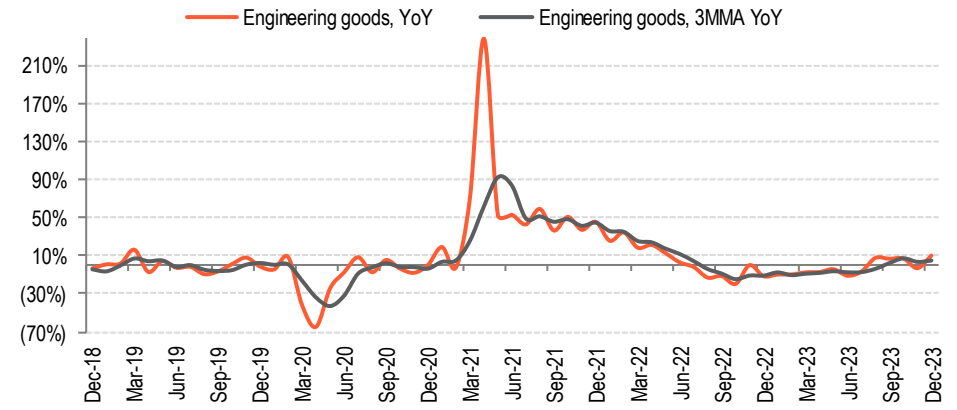


Fig 137 – Electronic exports also holding up well

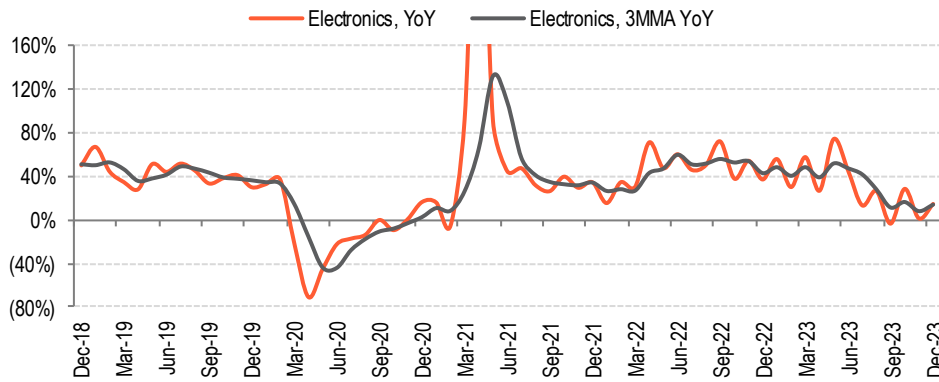
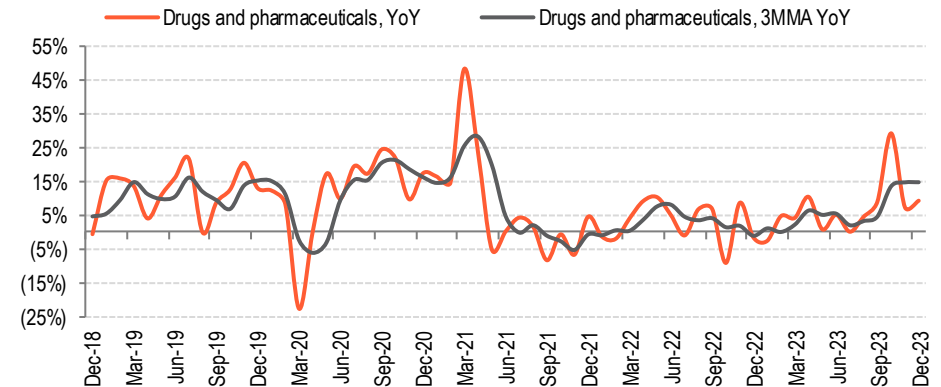


Fig 138 – Exports of drugs and pharmaceuticals also witnessing steady growth



Imports

Fig 139 – Import growth declined by 4.9% in Dec'23; down by 7.9% in FYTD24

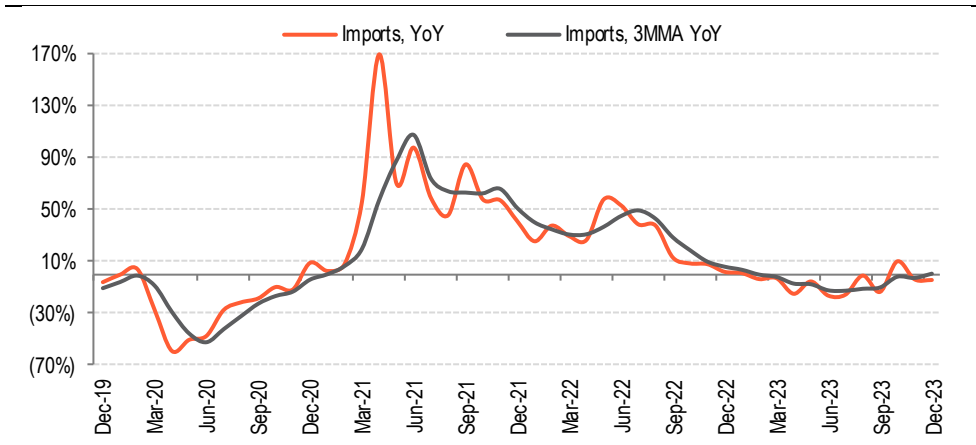


Fig 140 – Oil imports continue to fall amidst a sharp correction in oil prices

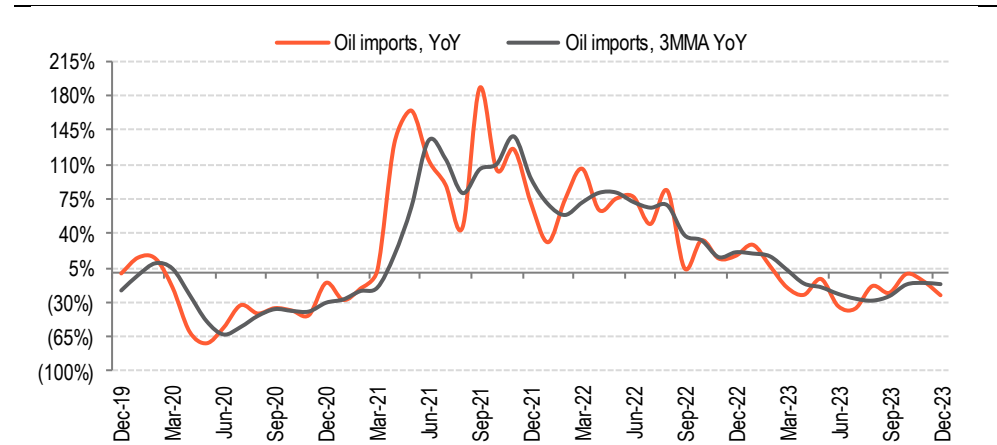


Fig 141 – Non-oil imports trading higher

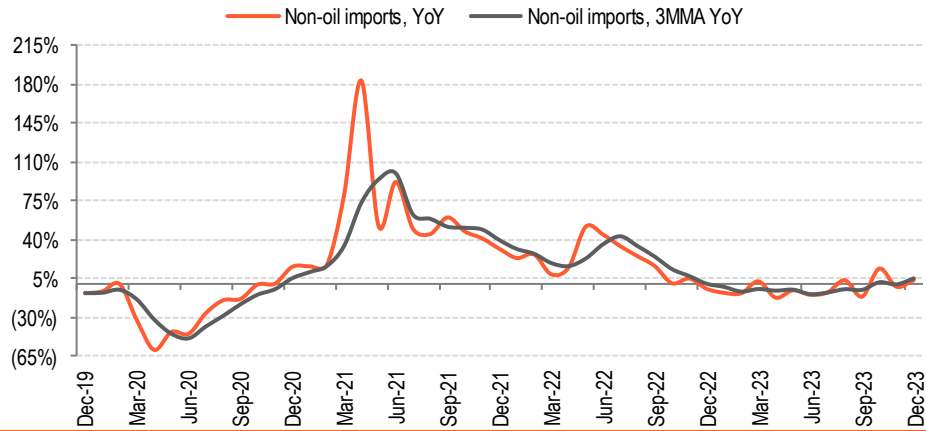


Fig 142 – ... led by electronics

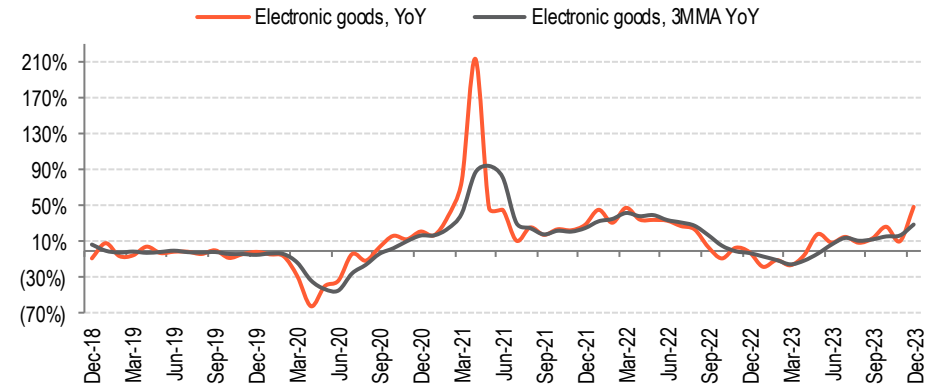


Fig 143 – .. and gold

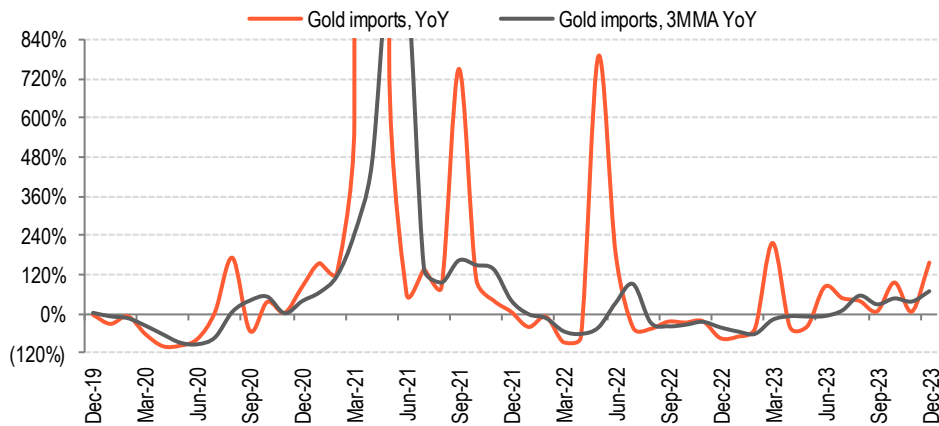
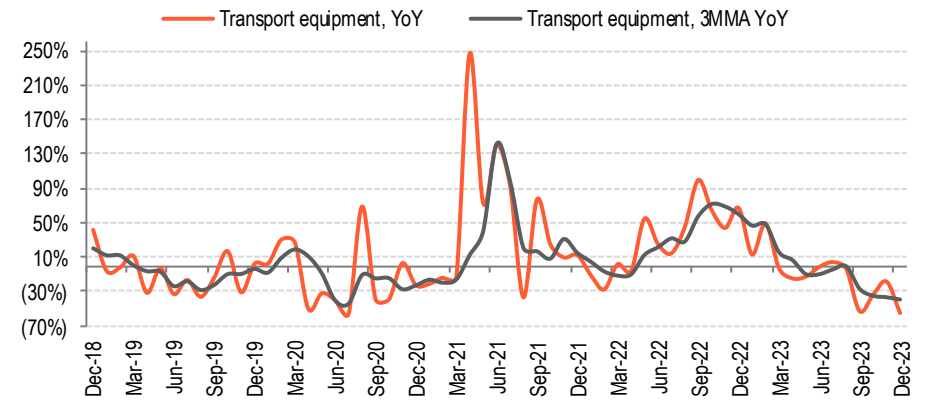


Fig 144 – On the other hand, imports of transport equipment falling sharply



Exports and imports by major regions

Fig 145 – Exports to China have increased sharply in Q3FY24

Region (% YoY)	Share in FY23	FYTD23	FYTD24	Oct-23	Nov-23	Dec-23
Americas	23.7	10.7	(7.4)	5.8	(6.0)	(0.5)
Asia and Pacific (Ex. China)	23.3	(3.6)	(12.0)	(3.5)	(3.0)	(2.0)
China	3.5	(35.7)	8.4	25.8	31.5	47.9
Europe	22.0	18.0	0.6	6.9	(1.8)	(4.8)
Middle East and Africa	26.6	29.7	(7.0)	8.9	(3.5)	2.4
Other	0.9	135.6	2.4	49.4	(40.6)	7.0

Fig 146 – Imports from China also picking up pace

Region (% YoY)	Share in FY23	FYTD23	FYTD24	Oct-23	Nov-23	Dec-23
Americas	11.2	19.8	(14.6)	(12.1)	(17.0)	(23.1)
Asia and Pacific (Ex. China)	24.9	31.2	(7.9)	11.3	0.6	(1.1)
China	13.8	14.8	0.2	21.5	4.7	12.3
Europe	12.6	5.1	7.0	42.0	(0.5)	2.0
Middle East and Africa	30.8	31.4	(26.6)	(7.9)	(12.7)	(14.2)
Other	6.8	250.1	48.5	30.8	9.3	7.0

Trade deficit

Fig 147 – Trade deficit narrows to US\$ 19.8bn in Dec’23 compared with US\$ 20.6 bn in Nov’23; stands at US\$ 188bn in FYTD24 versus US\$ 212.3bn last year

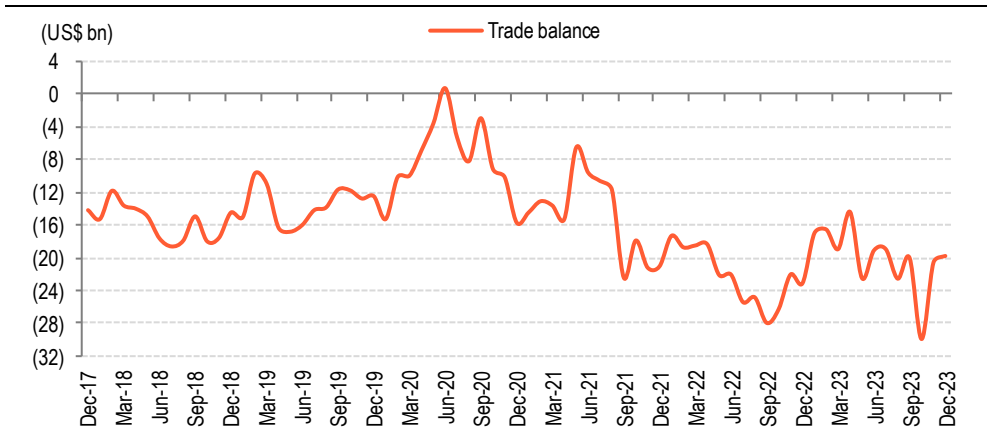
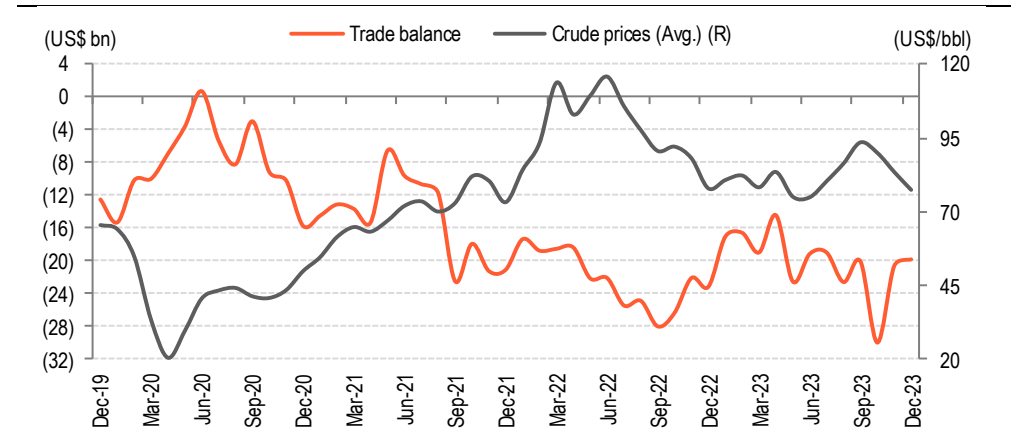


Fig 148 – Lower oil prices have lent support to trade deficit

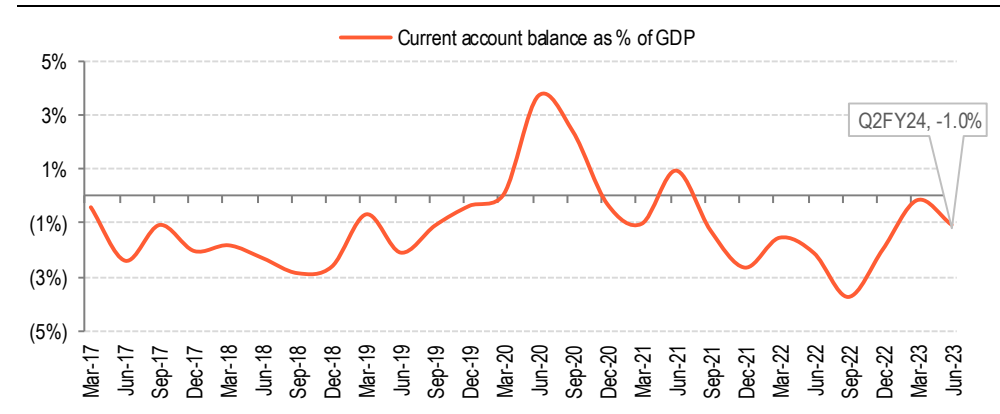
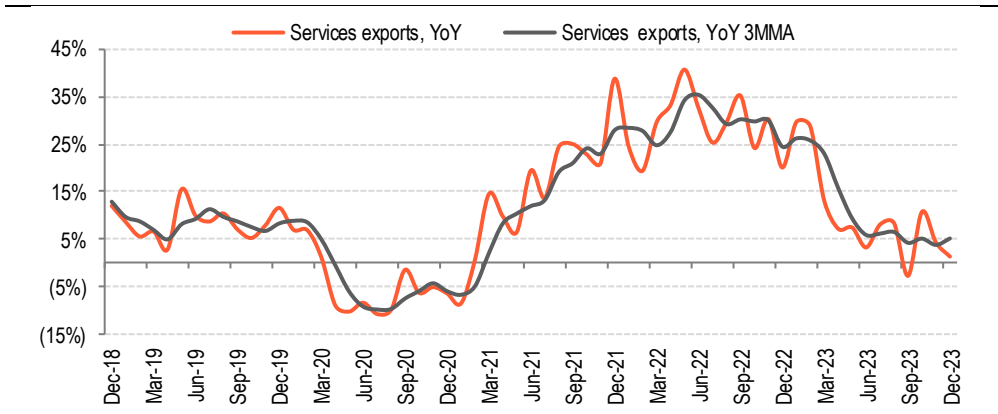


Trade in services

Fig 149 – Services exports moderate further in Dec’23

BoP

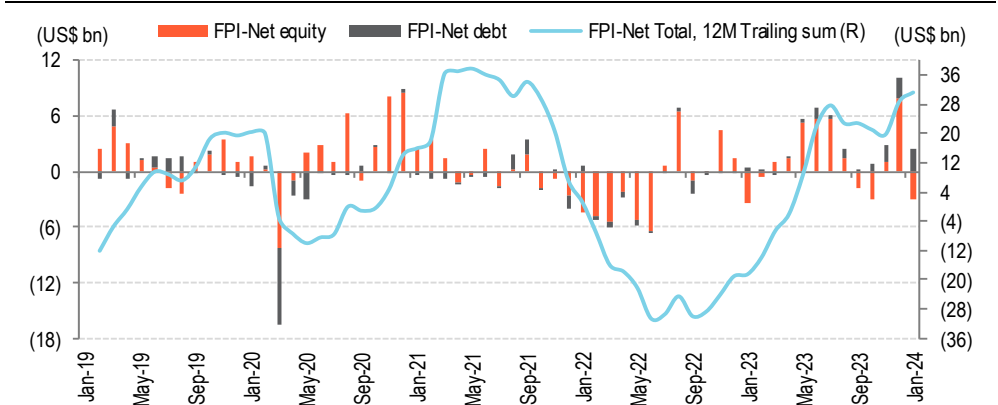
Fig 150 – India’s current account deficit narrowed a tad to 1% of GDP in Q2FY24 from 1.1% of GDP in Q1FY24



Foreign inflows

FPI inflows

Fig 151 – FPIs turn net sellers in the domestic market in Jan'24; outflows concentrated in equity

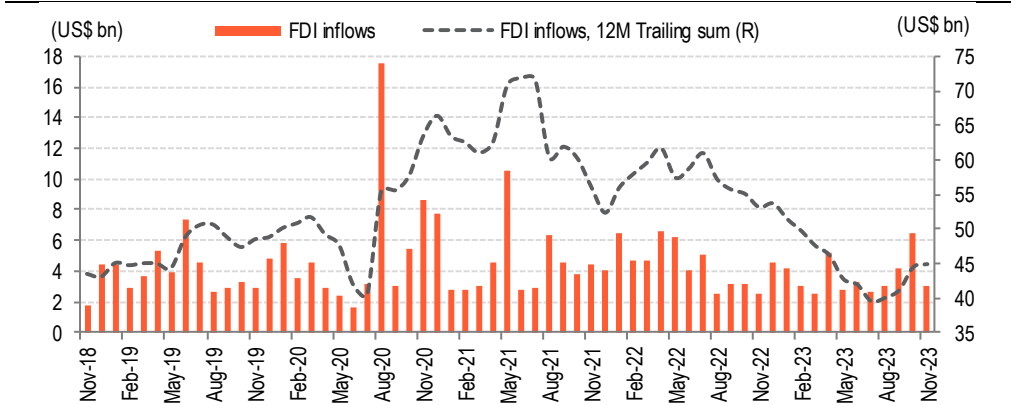


Source: Bloomberg

Fig 153 – FDI inflows fall in Q2FY24, led by services sector

FDI inflows

Fig 152 – FDI equity inflows at US\$ 3bn in Nov'23 versus US\$ 6.5bn in Oct'23



Source: RBI, Bank of Baroda Research

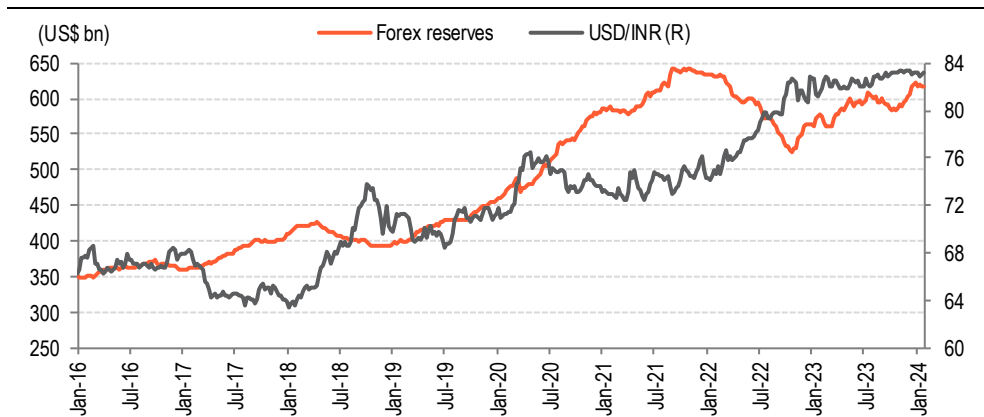
Fig 154 – Country wise, inflows from Netherlands and Singapore dipped in

Sector	% Share FY23	FYTD23	FYTD24	Q2FY23	Q1FY24	Q2FY24
Computer software and hardware	20.4	6.3	2.4	2.9	1.0	1.4
Services	18.9	4.2	3.9	1.6	2.5	1.3
Trading	10.4	3.3	0.9	1.2	0.5	0.4
Non-conventional energy	5.4	1.4	1.2	0.5	0.7	0.5
Drugs and Pharmaceuticals	4.5	0.7	0.1	0.2	0.1	0.0
Automobile industry	4.1	0.9	0.7	0.2	0.4	0.3
Construction (Infrastructure) activities	3.7	1.0	2.4	0.3	0.8	1.6

Source: DIPP

Forex reserves and external debt

Fig 155 – India’s FX reserves at US\$ 616.7bn; up by US\$ 38.3bn in FYTD24



Source: Bloomberg | Note: Weekly data as of 26 Jan 2024

Q2FY24, inflows from Mauritius pick up

Country (US\$ bn)	% Share FY23	FYTD23	FYTD24	Q2FY23	Q1FY24	Q2FY24
Singapore	37.4	10.0	5.2	4.3	3.0	2.2
US	13.3	3.3	3.0	0.9	1.0	2.0
Mauritius	13.1	2.6	2.1	1.1	1.1	1.0
Netherlands	5.4	1.8	1.9	0.7	1.5	0.4
UK	3.9	1.2	2.1	0.3	1.2	0.9
Japan	3.8	0.9	0.6	0.6	0.4	0.2

Source: DIPP

Fig 156 – India’s import cover improving amidst an accretion in forex reserves

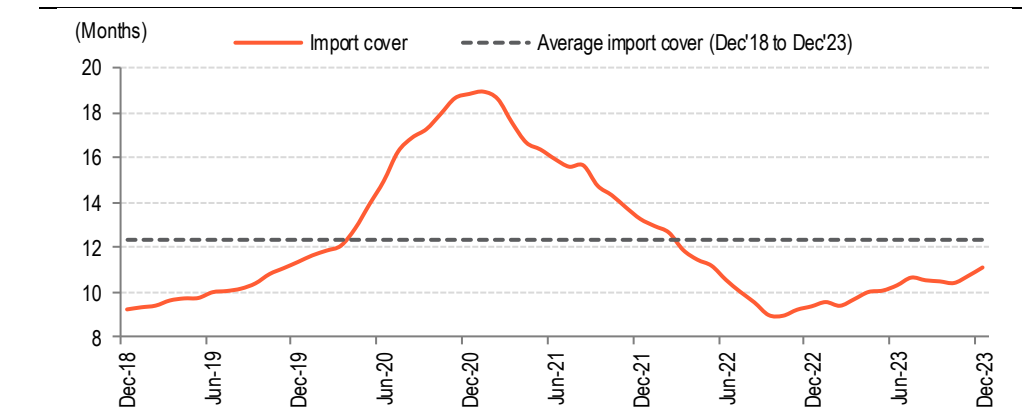


Fig 157 – RBI’s sold net US\$ 1.9mn in the spot market in Nov’23

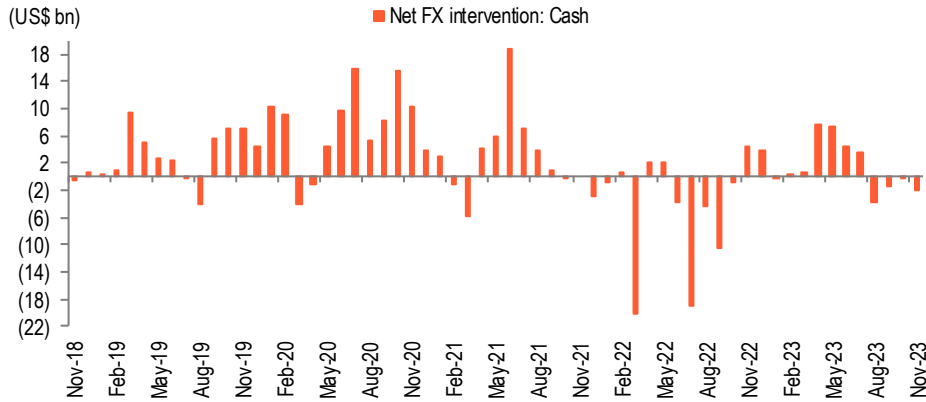
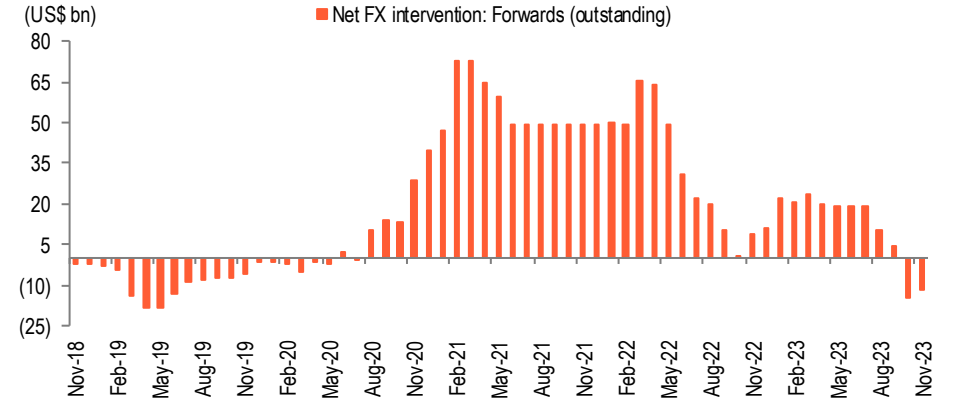


Fig 158 – RBI’s outstanding forwards position improves marginally in Nov’23



Markets

Equity

Fig 159 – In Jan’24, Sensex moderated by 0.4%

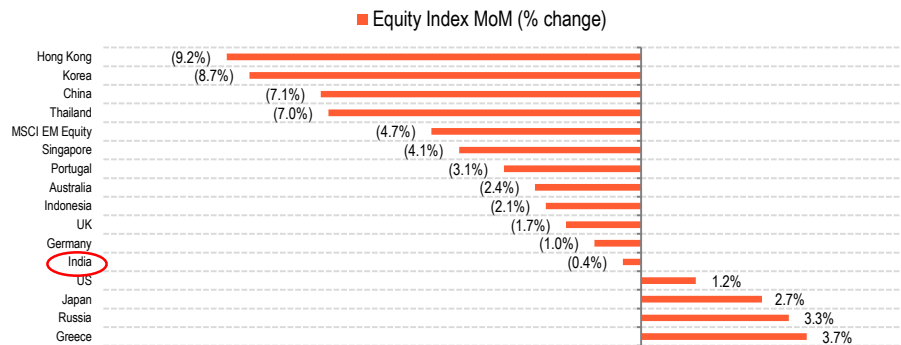
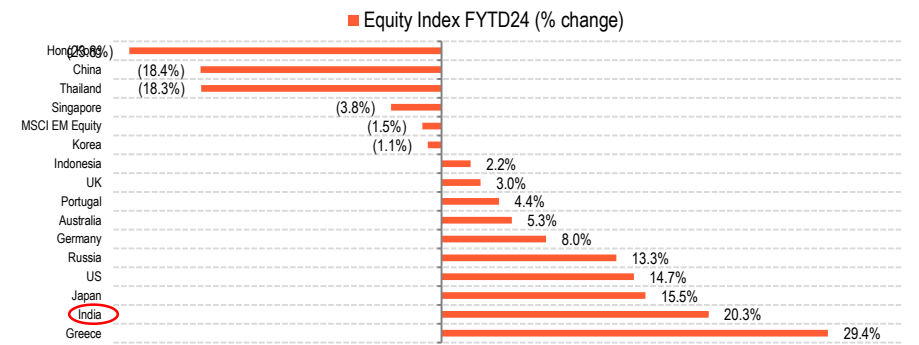
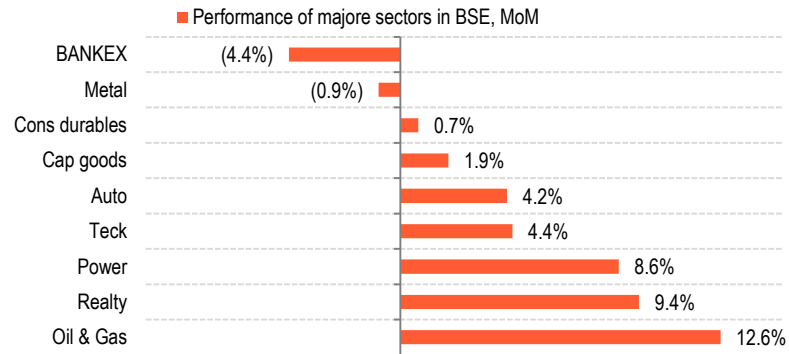


Fig 160 – In FYTD24, Sensex has risen by 20.3%



Source: Bloomberg | * As on 31 Jan 2024, Indices are in US\$ terms

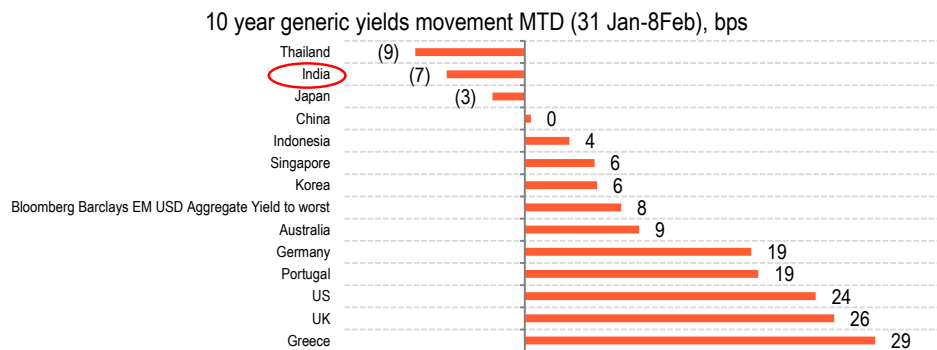
Fig 161 – Banking stocks have fallen the most in Jan'24



Source: Bloomberg | * As on 31 Jan 2024

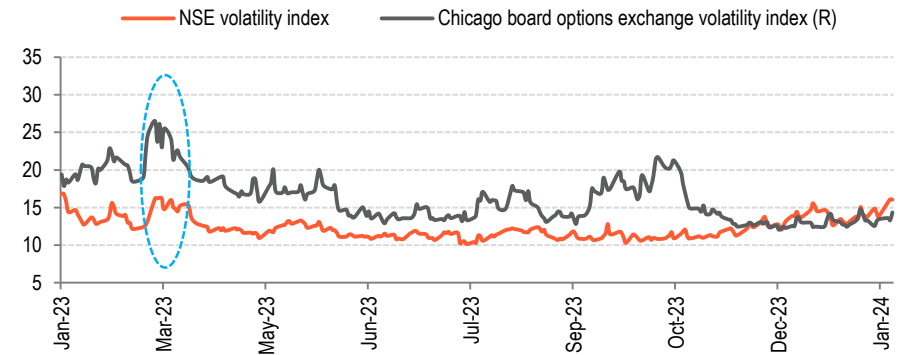
10-year bond yields

Fig 163 – On MTD basis, India's 10Y yield fell by 7bps



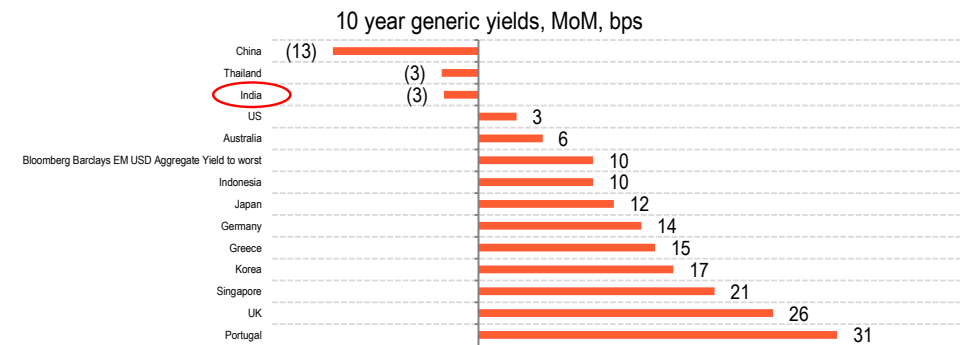
Source: Bloomberg | * As on 31 Jan 2024, Indices are in US\$ terms

Fig 162 – VIX index rose to 16.05 in Jan'24 from 14.50 in Dec'23



Source: Bloomberg

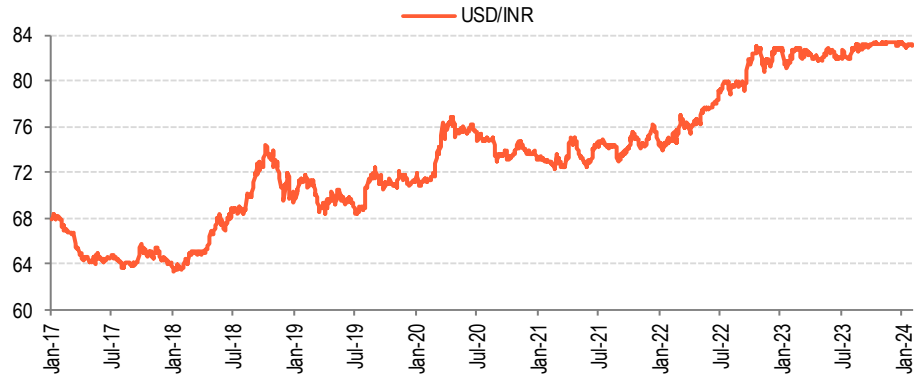
Fig 164 – On MoM basis, India's 10Y yield has fallen by 3bps



Source: Bloomberg

Currencies

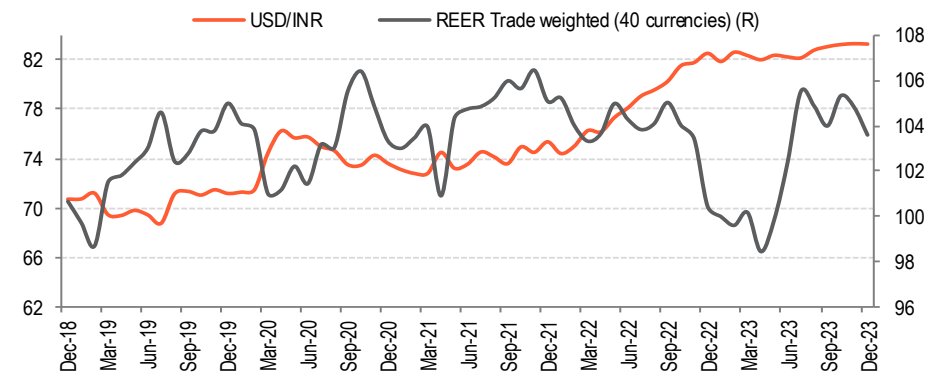
Fig 165 – INR remained range-bound even in Jan'24, appreciating by 0.2%



Source: Bloomberg | Note: Data as on 31 Jan 2024

Source: Bloomberg

Fig 166 – INR overvalued by 3.6% on REER basis



Source: Bloomberg

Fig 167 – Despite lower oil prices...

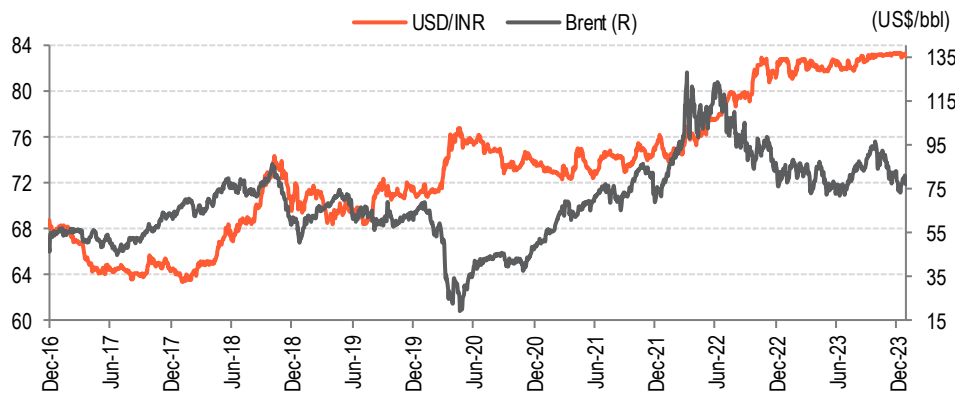
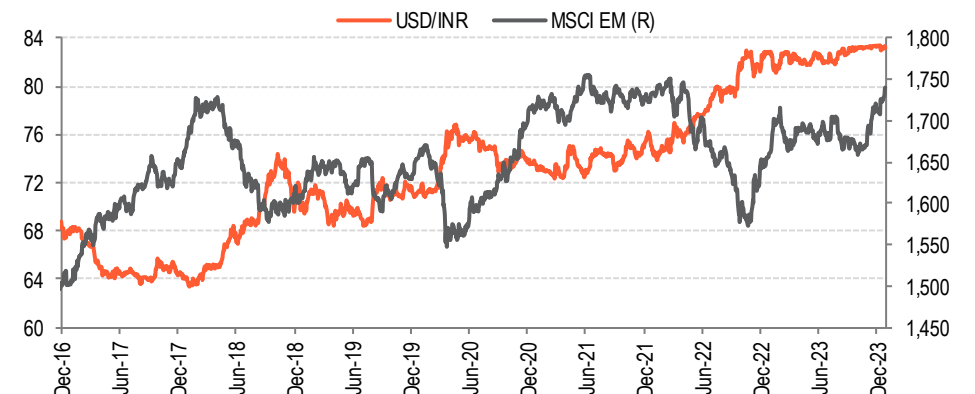
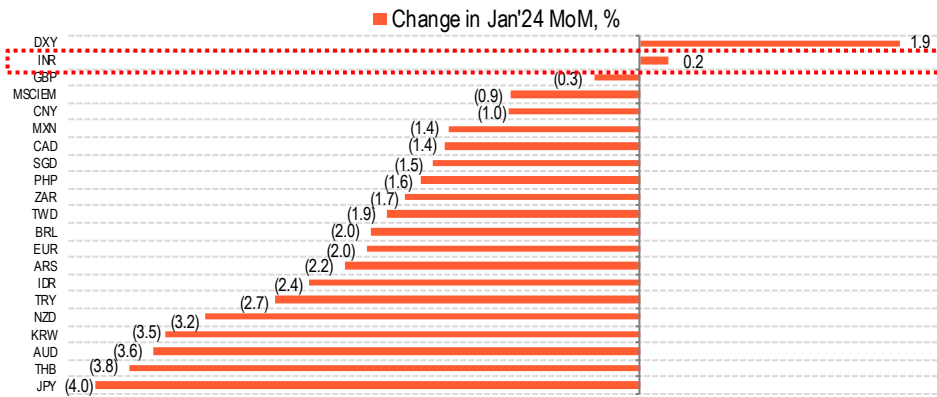


Fig 168 – ... EM currencies depreciated against the dollar



Source: Bloomberg | Note: Data as on 31 Jan 2024

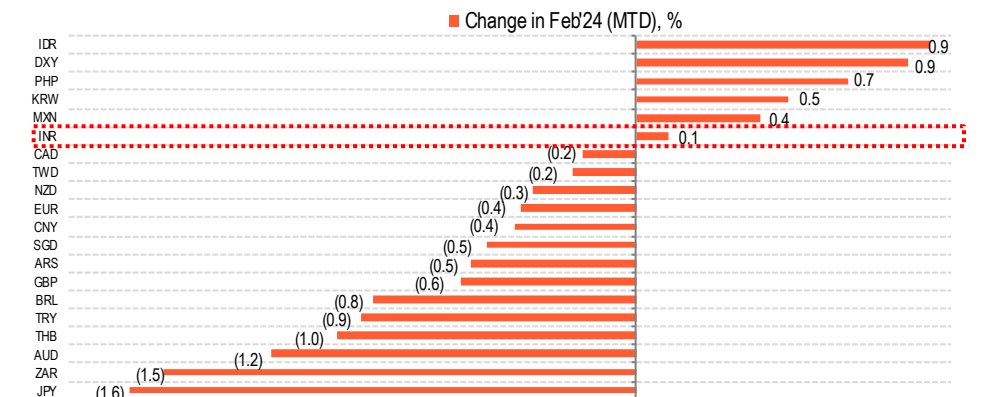
Fig 169 – INR appreciated in Jan'24 despite a stronger dollar



Source: Bloomberg | Note: Data as on 31 Jan 2024

Source: Bloomberg | Note: Data as on 31 Jan 2024

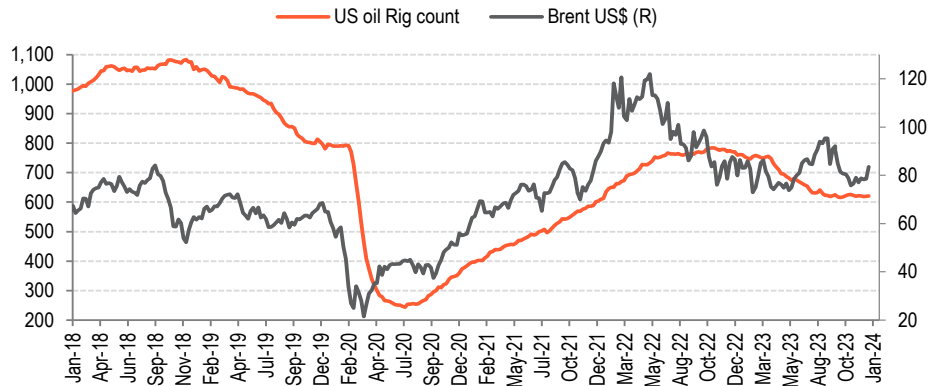
Fig 170 – In Feb'24, INR has appreciated by another 0.1%



Source: Bloomberg | Note: Data as on 8 Feb 2024

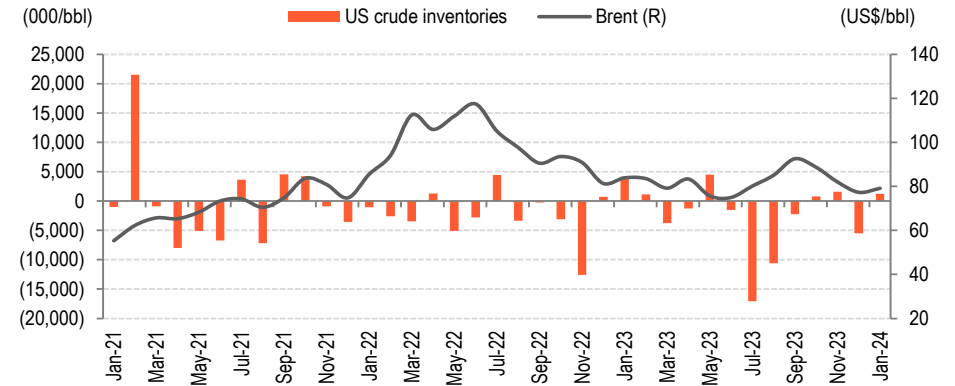
Commodities

Fig 171 – US rig count was broadly stable



Source: Bloomberg

Fig 172 – Inventory accumulation was seen in Jan'24



Source: Bloomberg

Fig 173 – Oil prices (average) rose to US\$ 79.2/bbl in Jan'24 from US\$ 77.3/bbl in Dec'23, DXY also rose to 103.27 from 101.33

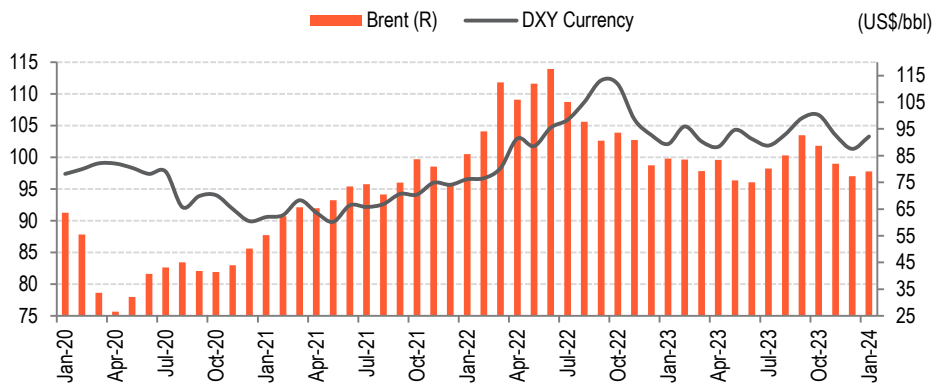
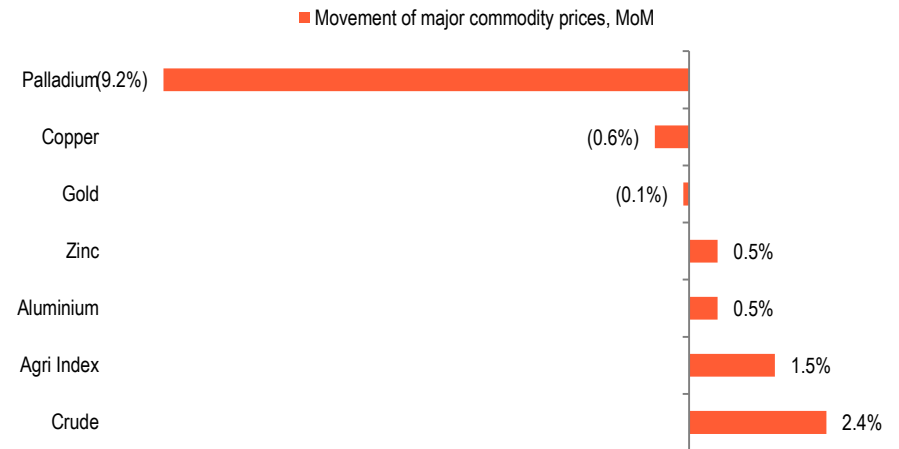


Fig 174 – Crude prices have risen the most amongst major commodities



Source: Bloomberg | DXY Index as on last trading day of the month

Source: Bloomberg | Index as on last trading day of the month, all other commodities are averaged and MoM change is taken

Fig 175 – Performance of high frequency indicators

Indicators	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24
Agriculture													
Tractor sales	16.0	11.8	10.1	(13.0)	(2.4)	(0.7)	0	(4.1)	(15.6)	(5.3)	1.5	(21.3)	-
Two wheeler sales	10.1	14.8	12.4	(7.3)	9.3	6.8	8.2	6.3	21.7	(12.6)	21.1	27.6	-
MNREGA work (HH, MoM)	(2.3)	2.2	6.8	6.6	31.9	6.3	(30.4)	(18.9)	(3.2)	(1.4)	(3.5)	12.8	(1.7)
Manufacturing													
IIP: General index	5.8	6.0	1.7	4.6	5.7	3.8	6.0	10.3	6.2	11.6	2.4	-	-
IIP: Manufacturing	4.5	5.9	1.5	5.5	6.3	3.1	5.0	9.3	4.9	10.2	1.2	-	-
IIP: Capital goods	10.5	11.0	9.1	4.4	8.1	2.0	4.5	13.1	8.4	21.3	(1.1)	-	-
IIP: Infra & construction goods	11.3	9.0	7.2	13.4	13.0	12.9	12.4	13.5	8.9	11.3	1.5	-	-
IIP: Consumer goods	(8.2)	(4.1)	(8.1)	(2.3)	1.5	(6.7)	(2.6)	5.8	1.1	15.9	(5.4)	-	-
Steel	14.3	12.4	12.1	16.6	12.0	21.3	14.2	12.4	13.8	10.7	9.4	5.9	-
Cement	4.7	7.4	(0.2)	12.4	15.9	9.9	6.9	19.3	4.6	17.4	(4.0)	1.3	-
Electricity	12.7	8.2	(1.6)	(1.1)	0.8	4.2	8.0	15.3	9.9	20.3	5.7	0.6	-
PMI: Manufacturing	55.4	55.3	56.4	57.2	58.7	57.8	57.7	58.6	57.5	55.5	56.0	54.9	56.5
Services													
Services PMI index	57.2	59.4	57.8	62.0	61.2	58.5	62.3	60.1	61.0	58.4	56.9	59.0	61.8
Automobile sales	13.6	16.0	13.9	(4.0)	10.1	9.6	10.0	8.6	20.4	(7.7)	18.5	21.1	-
Passenger vehicle sales	21.9	11.0	14.4	(1.3)	4.3	4.8	4.0	6.5	19.0	(1.4)	17.2	2.7	-
Vehicle registration	14.0	16.4	14.6	(3.4)	10.9	10.4	10.9	9.7	21.2	(6.7)	19.4	21.5	14.7
Rail freight traffic	3.8	3.6	3.8	3.5	1.9	(1.9)	1.5	6.4	6.7	8.5	4.3	6.4	6.4
Port cargo volume	12.3	11.8	1.5	1.3	3.5	0.4	4.3	4.4	0.3	13.8	17.0	0.7	3.2
Credit growth	16.3	15.5	15.0	15.7	15.3	18.0	19.5	19.7	21.3	20.4	20.1	20.0	20.3
Deposit growth	10.5	10.1	9.6	10.1	11.4	15.5	12.9	13.2	15.7	13.2	13.4	14.0	13.1
CIC	8.6	8.2	7.8	7.6	6.9	4.9	4.4	4.0	4.1	2.9	4.3	4.0	3.9
Toll collection (in mn)	300.8	288.4	306.3	305.0	335.2	316.1	295.0	308.0	298.9	319.7	320.8	337.2	331.4
Diesel consumption	12.8	7.6	1.2	8.6	12.8	3.0	3.8	5.2	3.9	9.3	(3.0)	(2.3)	3.5
GST E-way bill (in mn)	82.4	81.8	90.9	84.4	88.2	86.1	88.0	93.4	92.0	100.3	87.6	95.3	-
External Trade													
Merchandise exports	1.6	(0.4)	(5.9)	(12.7)	(10.4)	(18.8)	(10.0)	3.8	(2.7)	6.0	(2.9)	1.0	-
Merchandise imports	0.5	(4.1)	(3.4)	(15.5)	(6.0)	(16.9)	(16.1)	(1.4)	(14.0)	9.6	(4.3)	(4.9)	-
Services exports	29.6	28.8	13.1	7.2	7.4	3.2	8.1	8.4	(2.7)	10.8	4.3	1.3	-
Services imports	7.5	10.8	6.0	(0.7)	4.5	(1.0)	(2.3)	(0.8)	(10.4)	(0.4)	(11.1)	(1.2)	-

Source: CEIC, Posoco, Markit, RBI, Bank of Baroda Research

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